

Corporate Governance Rating Report

**PARK ELEKTRİK**

**06 June 2024**

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## Rating and Executive Summary

### PARK ELEKTRİK ÜRETİM MADENCİLİK SAN. ve TİC. A.Ş.



Corporate Governance Rating:

**9.18**



MAIN SECTIONS: **Avg. 91.85**

Shareholders : 89.38



Public Disclosure & Transparency : 97.99



Stakeholders : 85.55



Board of Directors : 91.92



0 10 20 30 40 50 60 70 80 90 100

## EXECUTIVE SUMMARY

The Corporate Governance Rating of 9.13 that has been assigned to Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. ("Park Elektrik") on June the 6<sup>th</sup> 2023 is hereby revised as **9.18**. SAHA's rating methodology is based on the Capital Markets Board's ("CMB") "Corporate Governance Principles" ("the Communiqué") released on January of 2014.

SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc.. Park Elektrik is analyzed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on July 12, 2023 can be accessed at <http://www.saharating.com>.

Park Elektrik is rated with **8.94** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, Articles of Association and other internal rules and regulations, and measures have been taken to ensure the exercise of these rights. Park Elektrik carries out the investor relations obligations through the Investor Relations Department. There are no privileges on voting rights. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation, rules, and regulations. There is a publicly disclosed, consistent dividend policy of the Company. There are no restrictions on transfer of shares. On the other hand, there are areas for improvement like existence of privileges on voting rights for the election of Board members and adoption as it is, of the rate of minority rights in the Company's Articles of Association as prescribed for public joint stock companies (%5).

Park Elektrik attained **9.80** under the **Public Disclosure and Transparency** chapter. There is a comprehensive web site that includes all information listed in the Corporate Governance Principles pertinent to "Public Disclosure." Public announcements are carried out via all communications channels and are in accordance with CMB and Borsa Istanbul (BIST) rules and regulations. Company's ultimate controlling individual shareholders as identified after being released from indirect or cross shareholding relationships between co-owners, the amount, and the rate of shares they hold are disclosed to the public. Another positive aspect is the disclosure of the number of Board meetings held during the year and participation status of the members to these meetings.

On the topic of **Stakeholders**, Park Elektrik scored **8.56**. Park Elektrik guarantees the rights of stakeholders in line with the legislation and mutual agreements, and in case of violation, enables an effective and speedy compensation. A written employee compensation policy is established and disclosed to the public on the corporate web site. Even though there are no models developed to support the participation of stakeholders in management, communication channels between the parties are kept open. The Company has a written and advanced human resources policy. Code of ethics is publicly available through the Company's web site. During the rating period, Park Elektrik was not held liable by any public authorities for any sanctions, and was not subject to any adverse notice for any damage to the environment.

From the perspective of the principles regarding the **Board of Directors**, park Elektrik's tally is **9.19**. There is a well communicated Company mission and vision, and the Board fulfills all duties regarding Company needs. The Board consists of nine members, of whom three are independent. CMB criteria are complied with and the opinion of the Corporate Governance and Appointment Committee is received in designation of the independent members who have each signed a declaration of independence. There are two female Board members on. Corporate Governance and Appointment, Audit, and Early Detection of Risks Committees are established within the Board of Directors and their working principles are disclosed to the public. Our observations will continue to have a more precise view of their activities and their degree of functionality. Principles of remuneration of Board members and senior executives are available on the Company's web site. Park Elektrik does not provide any loans or extend any credit to the members of the Board or to senior executives.

## Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's "Corporate Governance Principles" released on January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which has been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose. Additionally; many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all high-level bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the Company's governance practices in future should be mentioned in the Annual Report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders, and the Board of Directors.

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 330 sub-criteria. During the rating process, each criterion is evaluated on the basis of information provided by the Company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.23).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

Shareholders: **25%**  
Public Disclosure and Transparency: **25%**  
Stakeholders: **15%**  
Board of Directors: **35%**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

## Company Overview

<b>Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.</b>	
<b>PARK ELEKTRİK</b>	<b>Chairman of the Board</b> Gürsel Usta
Sultantepe Mah., Paşalimanı Cad., No: 41, 34674 Üsküdar, İstanbul <a href="http://www.parkelektrik.com.tr">www.parkelektrik.com.tr</a>	<b>Investor Relations Department Manager</b> Ayşe Yıldırım Yüksel Tel: 0216 531 2533 <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>

Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. ("Park Elektrik", "the Company"), then known as Park Tekstil Sanayi ve Ticaret A.Ş., went public with the initial public offering of its shares in 1997. The Company has a strong public shareholding culture and its shares have been traded on the Borsa İstanbul since 1997.

The Company changed its commercial title as Park Elektrik Madencilik Tekstil Sanayi ve Ticaret A.Ş. by amendments to its Articles of Association in 2000 with the aim of expanding its subject of activity to include mining and energy sectors, and has been operating in mining and energy sectors since 2000. With the change in 2009, the Company started to use its current commercial title of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. Park Elektrik commenced its copper mining operations in 2006 in Madenköy district of Siirt, to produce concentrated copper from copper ore. Until March 2017, Park Elektrik extracted raw copper in Siirt Madenköy mine which concentrated at the concentration facilities of the Company and almost all of the production exported to abroad.

On November 17, 2016, a landslide occurred at the Company's Madenköy copper mine site in Şirvan, Siirt and subsequently, Park Elektrik sold the related assets related to concentrate copper production operations on March 17, 2017, resulting with a cease in the copper production operations.

Following the sale of its copper production unit, the Company changed its nature of business and acquired 100% of the capital of Konya Iğın Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Konya Iğın"), which is owned by Park Holding A.Ş. and Mr. Turgay Ciner, the main shareholders of the Company. The acquisition was approved at the General Shareholders' Meeting held on May 10, 2017.

Konya Iğın, in which the Company is the sole equity owner, has a project to establish an integrated thermic power plant with an installed capacity of 500 MW in Iğın district of Konya. The subsidiary has the right to operate the mining sites in Iğın in order to produce lignite coal within the framework of the mining licenses (fields with license no. 1247 & 2444) and the royalty agreement (field with license no. 1247) to which it is a party.

According to the Coal Resource Estimation Report prepared in accordance with standards adopted by National Resources and Reserves Reporting Committee ("UMREK") on January 10, 2022, it is estimated that 188 million tons of coal are located in the fields with license numbers 2444 and 1247. The lower calorific value of the coal on original basis was determined as an average of 2.079 kcal/kg. Total 188 million tons of coal resources are classified in the Potential Category and additional studies are continuing to start the mineral reserve estimation study.

Konya Ilgın Thermal Power Plant Project is a greenfield investment project and many factors such as the course of the Turkish Lira against the US Dollar, electricity supply/demand, electricity prices, renewable energy resources and incentives provided to domestic resources have an impact on the timing of the investment. Due to the recent economic and sectoral developments in the Turkish Electricity Sector beyond the control of the Company and its subsidiary Konya Ilgın, the construction of the thermal power plant has not yet started. Konya Ilgın's application to the Energy Market Regulatory Authority ("EMRA") for the amendment of its electricity generation license by extending the plant completion period by 66 months, which is included in the electricity generation license of Konya Ilgın, was rejected by EMRA's decision dated October 27, 2022 and the said electricity generation license was revoked. Konya Ilgın has filed a lawsuit for annulment against the EMRA's decision and the examination on the merits of the case is ongoing at the appeal stage.

As the construction phase of the power plant has not yet started and considering that the construction will take approximately 3.5 years, a preliminary mining activity planning has been implemented by Konya Ilgın. Within the scope of the latest updated planning covering the period from June 2019 to December 2027, a total of approximately 47.8 million m3 of stripping is planned to be carried out and a total of approximately 2.3 million tons of coal is scheduled to be produced during the planning period. Within the scope of this plan, since it is not possible to store the coal to be produced in terms of mining technique (spontaneous combustion as a result of oxidation, etc.), it is sold during this transition period to generate income, and the coal to be produced from the site within the scope of the main mining plan (30-year plan requiring approximately 3.5 million tons of coal production per year) will be used to meet the fuel needs of the thermal power plant. The duration of the relevant pre-mining plan can be extended depending on the date of the construction phase of the power plant.

<b>Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.</b>		
<b>Capital Structure</b>		
<b>Shareholders</b>	<b>Share Value (TL)</b>	<b>Share %</b>
PARK HOLDING A.Ş.	91,170,622.41	61.24
TURGAY CINER	10,065,982.88	6.76
OTHER	47,630,637.71	32.00
<b>TOTAL</b>	<b>148,867,243.00</b>	<b>100.00</b>

Public shares of the Company are traded under "PRKME" code at Borsa Istanbul Main Market and Park Elektrik is a constituent of BIST BUYBACK / BIST ALL SHARES / BIST INDUSTRIALS / BIST MAIN / BIST CORPORATE GOVERNANCE / BIST SME INDUSTRIAL / BIST MINING / BIST 500, and BIST ALL SHARES-100 indices.

As of the date of our report, the structure of the Board of Directors and the Committees established within the Board of Directors as per the scope of the Communiqué numbered II-17.1 are as follows:

<b>Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. Board of Directors</b>	
<b>Members</b>	<b>Title</b>
GÜRSEL USTA	Chairman of The Board
ÇİĞDEM YILMAZ	Vice-chairwoman
ORHAN YÜKSEL	Board Member Executive Officer
SELÇUK YEŞİLTAŞ	Board Member Executive Officer
CEVDET ÖZÇELİK	Board Member Executive Officer
HACİ MUSTAFA KIRAÇ	Board Member Executive Officer
GALİP TAŞDEMİR	Independent Board Member
DİLEK EMİL	Independent Board Member
CEMAL TÜFEKÇİ	Independent Board Member

\* There are 4 executive members in the 9-member Board of Directors.

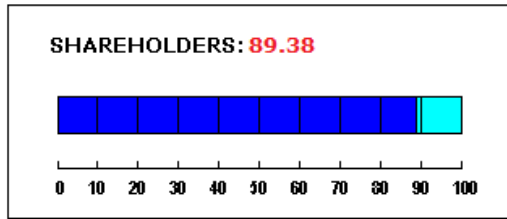
<b>Corporate Governance and Appointment Committee</b>	
<b>Members</b>	<b>Title</b>
DİLEK EMİL	Chairwoman
CEMAL TÜFEKÇİ	Member
AYŞE YILDIRAN (Investor Relations Dept.)	Member

<b>Audit Committee</b>	
<b>Members</b>	<b>Title</b>
GALİP TAŞDEMİR	Chairman
DİLEK EMİL	Member
CEMAL TÜFEKÇİ	Member

<b>Committee for Early Detection of Risks</b>	
<b>Members</b>	<b>Title</b>
GALİP TAŞDEMİR	Chairman
ÇİĞDEM YILMAZ	Member



## SECTION 1: SHAREHOLDERS



### SYNOPSIS

+	Equal treatment of shareholders
+	Unrestricted shareholder rights to review and receive information
+	No upper limit on voting rights
+	Voting rights are facilitated
+	General shareholders' meetings are conducted in compliance with the legislation
+	Detailed dividend distribution policy
+	No restrictions on transfer of shares
+	Policy on donations and grants established and submitted to the general shareholders' meeting for approval
=	Attendance of stakeholders and media with no voting rights to the general shareholders' meetings is permitted but not mentioned in the Articles of Association
-	Voting privileges in the selection of Board members

#### 1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

The Company carries out the investor relations obligations through Investor Relations Department under the responsibility of Ms. Ayşe Yıldırım Yüksel.

The Investor Relations Department plays an active role in protecting and

facilitating shareholders' rights and in particular the right to obtain and review information, and its duties are as follows:

- Ensure that the records relating to the written correspondence with the investors and other information are kept in a healthy, safe, and updated manner.
- Respond to the queries of the shareholders requesting written information on the Company.
- Ensure that the general shareholders' meeting is held in compliance with the applicable legislation, Articles of Association, and other Company by-laws.
- Prepare the documents that might be used by shareholders in the general shareholders' meeting.
- Supervise the fulfillment of the obligations arising from capital markets legislation including all corporate governance and public disclosure matters.

Investor Relations Department submits a report to the Board of Directors at least once a year on its conducted activities.

Information and explanations that may affect use of shareholders' rights are available and up to date on the corporate web site. Capital market participants such as investors and financial analysts are directed to the Investor Relations Department.

Presentations and reports disclosed at introductory or informative meetings held with a certain group of investors are published on the Company's web

site for the benefit of small investors, and announced through a material event disclosure.

### **1.2. Shareholders' Right to Obtain and Evaluate Information:**

The shareholders' right to receive and review information has not been abolished or restricted by the Articles of Association or any corporate body.

Provided that the right to obtain and review information has been used previously, the Articles of Association include a provision for each shareholder to have a right to request appointment of a special auditor at the general shareholders' meeting (even if not in the agenda) for the examination of certain events.

All kinds of information about the Company, which are not trade secrets, have been provided in a complete and honest, timely and diligent manner.

### **1.3 Minority Rights:**

Maximum care is given to the exercise of minority rights. No upper limit has been imposed on the voting rights of any shareholder. Each shareholder is entitled to a single vote. However, minority rights are not recognized for shareholders who hold an amount less than one-twentieth of the share capital.

There is no evidence of any conflict of interest between the majority shareholders and that of the Company.

### **1.4. The General Shareholders' Meeting:**

In addition to the methods of invitation in the legislation and to ensure attendance of maximum number of shareholders, the invitation to the ordinary general shareholders' meeting is performed through all means of communication available to the

Company in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting; and the exact location where Annual Report, financial statements and other meeting documents can be examined. Besides, the Company has prepared a descriptive disclosure document on agenda items.

Commencing from the date of announcement of invitation for the general shareholders' meeting; the Annual Report, financial statements and reports, and all other related documents pertaining to the agenda items along with the dividend distribution proposition are made available to all shareholders for examination purposes in convenient locations including the headquarters of the Company, and the electronic media.

Shareholders are informed of the following issues prior to the general shareholders' meeting via the corporate web site;

- a. Total number of shares and voting rights reflecting the Company's shareholding structure as of the date of disclosure, number of shares and voting rights reflecting the privileged share group within the Company capital, and the nature of such privileges.
- b. Grounds for dismissal and replacement of Board members, candidates' backgrounds and tasks carried out in the last decade, the nature and significance level of their relationship with the Company and its related parties, whether they are independent or not, and information on similar issues.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the conduct of the general shareholders' meeting was related to the agenda items. General shareholders' meetings took place at the Company headquarters.

The chairman made sure that each question is answered directly at the meeting provided that, they do not constitute a trade secret.

Agenda of the general shareholders' meeting included the proposal for the permission to be granted to shareholders who have control of the management, members of the Board of Directors, managers with administrative responsibility, their spouses and up to second degree blood relatives to execute transactions and compete with the Company and/or its affiliates, to make a commercial business transaction for himself or on behalf of others or to join to another Company dealing with the same type of commercial business as a partner with unlimited responsibility.

The members of the Board of Directors related with the issues of a special nature on the agenda, other related personality, authorized persons who are responsible for preparing the financial statements and auditors were present to give necessary information and to answer questions at the general shareholders' meeting.

Company's policy on donations and grants was set forth in the Articles of Association and submitted to the approval of the general shareholders' meeting. Furthermore, shareholders were furnished with details of all donations and grants made during the reporting period under a separate

agenda item at the general shareholders' meeting.

Although there is no clause in the Articles of Association on permitting the attendance of stakeholders and media to the general shareholders' meetings with no voting rights, no enforcement in practice was detected. The text of the invitation to the general shareholders' meeting includes the statement that the Ordinary General Shareholders' Meeting will be open to the public, including stakeholders and the media, without the right to vote.

General shareholders' meeting is attended by the representative of the external auditor.

#### **1.5. Voting Rights:**

Although there are no privileges on the exercise of voting rights at Park Elektrik, there is a privilege in the election of the Board of Directors. In accordance with Article 8 of the Company's Articles of Association under the provisions of the Turkish Commercial Code, six members of the Board of Directors are elected by the holders of Group A shares, three members by the holders of Group B shares or candidates to be nominated by them. All shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately.

#### **1.6. Dividend Rights:**

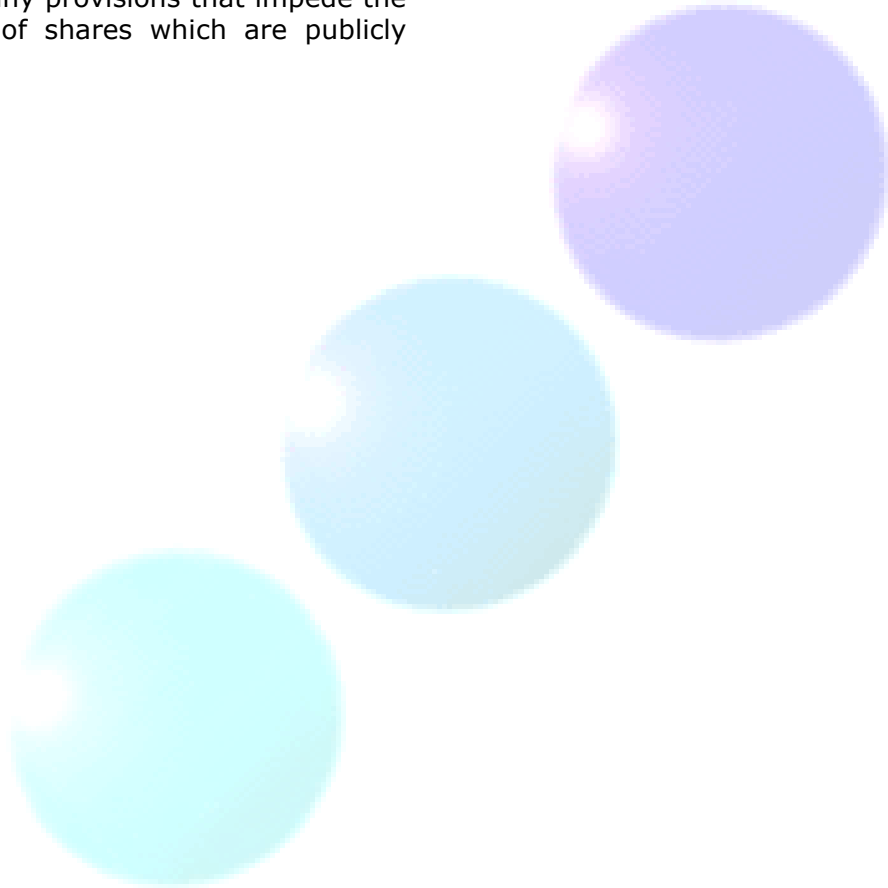
The dividend policy of Park Elektrik is clearly defined and disclosed to public on the corporate web site. It is submitted to the shareholders at the general shareholders' meeting and is incorporated in the Annual Report.

The Company's dividend distribution policy contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles.

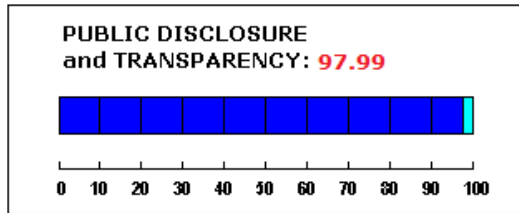
A balanced policy is followed between the interests of the shareholders and those of the Company. All necessary information is included in the profit distribution proposal.

**1.7. Transfer of Shares:**

Neither the Articles of Association of the Company nor any decisions adopted at the general shareholders' meeting contain any provisions that impede the transfer of shares which are publicly traded.



## SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



### SYNOPSIS

+	There is an Investor Relations Department
+	Adequate Disclosure Policy
+	Comprehensive web site, actively used for public disclosure
+	Annual Report complies with the legislation, comprehensive and informative
+	Important events and developments are disclosed in accordance with the legislation
+	List of ultimate controlling individual shareholders are disclosed to the public
+	English version of the web site for international investors
+	Declaration of independence of the independent Board members included in the Annual Report
-	Benefits provided to Board members and senior management are not mentioned on individual basis

#### 2.1. Corporate Web Site:

Company's web site is actively used for disclosure purposes and the information contained therein is updated.

Along with the information required to be disclosed pursuant to the legislation, the Company's web site includes; trade register information, information about latest shareholder and management structure, detailed information on

privileged shares, the date and the number of the trade registry gazette on which the changes are published along with the final version of the Company's Articles of Association, publicly disclosed material information, periodical financial statements, Annual Reports and other public disclosure documents, agendas of the general shareholders' meetings and list of participants and minutes of the general shareholders' meeting, form for proxy voting at the general shareholders' meeting, disclosure policy, dividend distribution policy, ethical rules of the Company, frequently asked questions including requests for information, questions and notices, and responses thereof.

In this context, information on at least the last 5 years can be reached on the web site.

The Company's shareholding structure; the names, amount and rate of the shares held by the Company's ultimate controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners is disclosed to the public along with the privileges they hold and it is updated at least bi-annually.

Excluding material disclosures and footnotes, in accordance with the Capital Markets legislation, the Company also discloses financial statements on PDP (Public Disclosure Platform), and simultaneously in English.

The information contained on the web site exists also in English (partially same with Turkish content) for the benefit of international investors.

The Company's web site also includes; working principles of the Committees, the donation policy, important Board decisions under the heading of material disclosures, the vision/ mission of the Company established by the Board, information on capital increases, news, general shareholders' meeting internal guidelines, social responsibility activities, information on senior management, financial data, main ratio analysis, timetable on events/developments which considers investors, and the human resources policy.

## 2.2. Annual Report:

Annual Report is prepared in detail by the Board of Directors to provide public access to complete and accurate information on the Company and it covers information such as;

- a. Period covered by the report, the title of the Company, trade register number, contact information.
- b. The names and surnames of the chairman, members and executive members involved in the management and supervisory Boards during the covered period, their limits of authority, tenure of office (with start and end dates).
- c. The sector in which the entity operates and information on its position in the sector.
- d. Qualifications of the production units, capacity utilization rates, explanations related to sales volume and price, sales conditions and yearly developments, productivity rates and causes of significant changes compared to previous years.
- e. Progress on investments, the eligibility status on incentives, and to what extent.
- f. Corporate Governance Principles Compliance Report.
- g. Related party transactions.
- h. Other issues not included in the financial statements, but are beneficial for users.
- i. Company's organization, capital and ownership structure and any changes in the related accounting period.
- j. All benefits provided to staff and workers, information on number of personnel.
- k. Explanation on privileged shares and their amounts.
- l. Board members' transactions with the Company on their behalf or someone else within the framework of permission granted by general shareholders' meeting along with their activities within the scope of restraint of trade.
- m. Research and development activities.
- n. The dividend distribution policy.
- o. Basic ratios on the financial position, profitability, and solvency.
- p. Company's financing resources and risk management policies.
- q. Major events occurred between the closing of the accounting period and the date of the general shareholders' meeting where financial statements are evaluated.

In addition to the matters specified in the legislation following issues also took place in the Annual Report;

- a. Information on external duties of Board members and executives.
- b. Members of the Committees within the Board, evaluation of the Board of Directors on the efficiency of the Committees including the activities carried out and working principles of the Committees.
- c. The number of Board meetings held during the year and status of participation of the members.
- d. Information on changes in legislation which could significantly affect the Company's operations.
- e. Information on major court cases against the Company and possible consequences.

- f. Information on direct contributions to capital ratio with cross shareholding investments over 5%.
- g. Information on benefits and vocational training of employees, and other Company activities that give rise to social and environmental results.
- h. Rating results.

On the other hand, benefits provided to Board members and senior executives are mentioned collectively, but best application of Corporate Governance Principles dictate that this information is given on an individual basis.

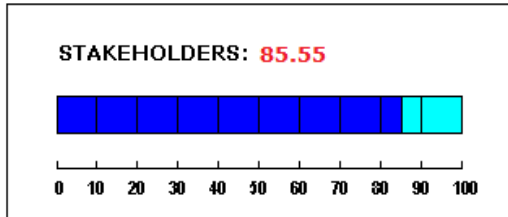
### **2.3. External Audit:**

The external audit of the Company is conducted by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

There has not been a situation where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion during the latest reporting period. It has been declared that there has been no legal conflict between the Company and the external audit firm.

Independent audit firm and their audit staff did not provide consulting services for a price or free of charge during the audit period. Neither a consulting company in which the external audit firm is in a dominant position either directly or indirectly in management or capital provided any consulting services during the same period.

## SECTION 3: STAKEHOLDERS



### SYNOPSIS

+	Measures to safeguard stakeholders' rights are facilitated
+	Efficient Human Resources Policy
+	Strict quality standards for goods and services
+	Stakeholders' views are taken on important decisions that give rise to the results which considers them
+	Code of ethics disclosed to the public
+	Measures are taken to ensure customer satisfaction on sale of goods/services
+	Company is socially and environmentally sensitive and respectful
+	A written employee compensation policy established and disclosed to public on the web site
=	No provision in the Articles of Association regarding the participation of stakeholders in the management of the Company despite the existence of certain incentive models
-	No active trade union

### 3.1. Company Policy Regarding Stakeholders:

The Company operates within the Ciner Group, one of the country's leading

companies operating in a wide range of sectors.

Due to its prominent corporate identity, the Company has consistent and advanced policies in effect regarding the rights of its stakeholders as well as relations with the private sector.

The rights of stakeholders are protected within the framework of general regulations, mutual agreements, and good faith principles. On the other hand, a disclosure policy designed to inform stakeholders and a human resources policy prepared for employees are available on the corporate web site, but there is no specific policy for stakeholders.

Effective and expeditious compensation is provided in case of violation of the rights. In addition, a written compensation policy for the employees is established and disclosed to the public on the corporate web site.

The web site of the Company is actively used to provide adequate information on policies and procedures towards the protection of stakeholders' rights.

The corporate governance structure of the Company ensures that its stakeholders, including its employees and representatives, report their concerns to the management concerning any illegal or unethical transactions.

### 3.2. Stakeholders' Participation in the Company Management:

The Company has not developed models for stakeholders and employees to participate in management without impeding the operations of the Company, nor included them in its internal regulations or in the Articles of



Association. However, employees' participation in management is supported in internal policies.

### **3.3. Company Policy on Human Resources:**

Company has a documented human resources policy. The principles of this policy are; correct person for the correct job, equal pay for equal work and differentiation according to performance, recognition and appreciation of success, and equal opportunity for all.

In the annual Board of Directors' evaluations at the Group level, the Group's Key Positions are identified and the measures to be taken to ensure continuity in these areas are determined, and the necessary actions are followed. However, in cases which management reshuffle could cause disruptions, succession planning for determination of new manager appointments is not yet in place.

Issues such as recruitment policies, career planning, improvement and training policies for the employees established within this framework are dealt with under the Personnel Regulation. While there are various committees established to carry out the relations with the employees, no representative has yet been selected and appointed. In harmony with the human resources policies introduced by Ciner Group of, studies are being carried out, and the rights and working conditions of both white collar and blue-collar employees have been guaranteed to ensure that no employee is subject to any discrimination or ill treatment. No complaint has been received in this regard during the period.

Job descriptions of employees are documented and shared with them. On the other hand, there is no labor union in the Company.

### **3.4. Relations with Customers and Suppliers:**

Park Elektrik is taking necessary precautions to attain customer satisfaction in the sales and marketing of its products and services via bilateral trade agreements. Customer requests for the goods and services purchased are fulfilled promptly, and the customer is informed of any delays without having to wait for the deadline.

Quality standards for goods and services are complied with and care is taken to protect those standards. Certain guarantees relating to quality are provided for this purpose.

Care is also taken on the confidentiality of all trade secret data and information on customers and suppliers.

### **3.5. Ethical Rules & Social Responsibility:**

Ethical codes of Park Elektrik are disclosed to the public via the corporate web site. The Company has not been subject to any sanctions within the last year by the public administrations. Relations with non-governmental organizations and social institutions are at a good level. Park Elektrik carries out its activities with respect to environmental laws and environmental awareness in general. It has contributed to the social development of the region in which it operates. These studies are concentrated in the field of health and education. Necessary and detailed information about the work carried out in this context during the period is included in the Annual Report. No adverse notice was received during the reporting period on account of damage caused to the environment.

### **3.6 Sustainability:**

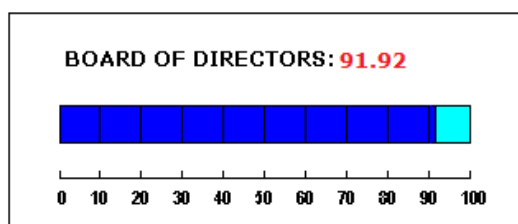
A management vision is established to identify the general framework of the social and environmental management

system and the basic principles that the Company must adhere to in this context.

It is aimed to meet the obligations arising from regulations issued by legal and regulatory authorities as well. This vision is complementary to other corporate governance policies and procedures related to the standards which the Company adheres to.

Considering the Company's previous studies in the field of Environmental, Social and Corporate Governance (ESG) are mainly centered on corporate governance and that the Company's current activities are limited to mining activities carried out through subcontractors due to the ongoing investment process through its subsidiary, it has been declared by the Park Elektrik officials that the Board of Directors has determined a road map on the subject and that the Company is gradually implementing the necessary action plans for compliance with the 'Sustainability Principles Compliance Framework' in line with such principles.

## SECTION 4: BOARD OF DIRECTORS



### SYNOPSIS

+	The Company's vision, mission and strategic goals are defined
+	The Board works efficiently and staffed with qualified members
+	Board of Directors meeting and decision quorum is defined in the Articles of Association
+	Each member has a right to 1 vote
+	3 independent Board members
+	Audit, Corporate Governance and Appointment, and Early Detection of Risks Committees established
=	Remuneration and benefits provided to Board members and to managers with administrative responsibility are disclosed collectively via the Annual Report
-	Any potential losses incurred by the Company and third parties due to misconduct by executives are not insured
-	Defects and damages caused by Board members during the execution of their duties are not insured for an amount exceeding 25% of the Company's capital

#### 4.1. Functions of the Board of Directors:

Strategic decisions of the Board of Directors aim to manage the Company's risk, growth, and return

balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the Company. The Board administers and represents the Company within these parameters.

The Board of Directors has defined the Company's strategic goals and identified the needs in human and financial resources, and controls management's performance.

#### 4.2. Principles of Activity of the Board of Directors:

The Board of Directors performs its activities in a transparent, accountable, fair and responsible manner.

Distribution of tasks between the members of the Board of Directors is explained in the Annual Report.

The Board of Directors established various internal control systems which are inclusive of risk management, information systems, and processes by also taking into consideration the views of the Committees. In this context, the Board reviews the effectiveness of risk management and internal control systems at least once a year.

The presence, functioning, and effectiveness of internal controls and internal audit, is explained in the Annual Report.

The powers of the Chairman of the Board of Directors and the CEO/GM are clearly separated and the composition, term, duties and authorities of the Board of Directors, and its meetings are set out in writing in the Articles of Association.

There is no provision on indemnification of losses incurred by the Company and third parties due to the failure of the executives to fulfill their duties duly.

#### **4.3. Structure of the Board of Directors:**

The Company's Board of Directors is composed of nine members with four holding executive duties.

Among the non-executive members of the Board of Directors, there are three independent members who are qualified to perform their duties without being influenced under any circumstances.

The Corporate Governance and Appointment Committee have prepared a report on the candidates proposed by the Board and shareholders, by taking into consideration of whether the candidate meets the independency criteria, and submitted this assessment as a report to the Board for its approval.

CMB criteria are complied with in determining independent candidates. Independent candidates for the Board of Directors have signed a declaration of independence within the framework of the legislation, Articles of Association, and the CMB criteria.

There are two female members on the Board of Directors. There is a study on the recommendation of the Corporate Governance Principles to set a target rate and target time for the ratio of female members on the Board of Directors as not less than 25% and to establish a policy to achieve these targets. Company officials stated that they report the annual progress on this issue and that the Corporate Governance and Appointment Committee has set the target rate of female members on the Board of Directors as 25% and has established a policy in this direction.

#### **4.4. Conduct of the Meetings of the Board of Directors:**

Ordinary Board meetings take place with sufficient frequency and Board members also convene upon any extraordinary circumstances and negotiate and render resolutions on critical agenda issues.

The agenda to be discussed at the Board of Directors meetings is determined by the Chairman of the Board within the framework of notifications received from the Company's executive Board members and/or senior executives. In addition, members of the Board of Directors were regularly informed about the Company's performance and developments.

Information on the agenda items of the Board of Directors is made available to the members in sufficient time prior to the meeting date by a coordinated flow of information. Each member is entitled to a single vote.

The conduct of the Board of Directors meetings is defined in internal regulations and meeting and decision quorums have been included in writing in the Articles of Association.

Company officials have stated that the Board members allocate necessary time for the Company's affairs. There are no rules established by the Board of Directors on members' external duties, but in this respect the regulations stipulated in the Corporate Governance Principles are complied with.

#### **4.5. Committees Established Within the Board of Directors:**

A Corporate Governance and Appointment Committee, an Audit Committee, and a Committee for Early Detection of Risks are established from within the Board of Directors to fulfill its duties and responsibilities.

Functions of the Committees, their working principles, and members are designated by the Board of Directors and disclosed to the public on the corporate web site.

All members of the Audit Committee and the chairmen of the Corporate Governance and Appointment, and Early Detection of Risks Committees are elected among the independent Board members. Chairman of the Board and the general manager is not on the Committees.

All necessary resource and support needed to fulfill the tasks of the Committees are provided by the Board of Directors.

The Corporate Governance and Appointment Committee is established to determine whether the corporate governance principles are being fully implemented by the Company, if implementation of some of the principles are not possible, the reason thereof, and assess any conflict of interests arising due to lack of implementation of these principles, and present remedial advices to the Board of Directors. In addition, it oversees the work of the investor relations department. The Committee held four physical/electronic meetings during the period.

Audit Committee supervises the operation and efficiency of the Company's accounting system, public disclosure, external audit and internal audit systems, reviews complaints that are received by the Company regarding Company accounting, internal and external independent audit systems, within the framework of the principle of confidentiality and finalizes them, notifies the Board in writing on findings related to their duties and responsibilities and the related assessment and recommendations, following taking the opinion of responsible managers of the Company

and the external auditor notifies the Board in writing on whether the annual and interim statements disclosed to the public is in accordance with the Company's accounting principles, true and accurate. The Committee held five physical/electronic meetings during the period.

Audit Committee members possess the qualifications listed in the Corporate Governance Principles communiqué.

The nomination and election process of the external audit firm, taking into account its competence and independence, starts with a proposal from the Audit Committee to the Board and ends with the Board's choice being presented and approved at the general shareholders' meeting.

The Committee for Early Detection of Risks carries out its tasks towards early detection of risks which may jeopardize the Company's assets, its development and progression, and measures taken to mitigate and manage those risks. The Committee held six physical/electronic meetings during the period.

Nomination and Remuneration Committees have not been established and their duties are included in the working principles of the Corporate Governance and Appointment Committee. However, we need further observation to assess the degree of efficiency and functionality of the Committee, particularly its reviews on the structure and efficiency of the Board of Directors. Also, whether the Committee submits its recommendations to the Board members on changes that can be realized on these matters; whether it ensures that a system with regards to the principles and practices regarding career planning and rewarding of the Board members is implemented; and considering the degree of achievement of the criteria, whether it makes

proposals to the Board on remuneration of the Board members and senior executives will need to be monitored further.

#### **4.6. Remuneration of the Board of Directors and Managers with Administrative Responsibility:**

The principles of remuneration of Board members and senior executives have been documented in writing and submitted to the shareholders' attention as a separate item at the general shareholders' meeting.

A remuneration policy prepared for this purpose can be found on the corporate web site. Stock options or performance-based payments are not included in the remuneration package of the independent Board members.

The Company does not lend any funds or extend any credits to a member of the Board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

Executives have the required professional qualifications to perform the assigned duties and they comply with the legislation, Articles of Association, and in-house regulations and policies in fulfilling their duties.

There have been no cases where the executives used confidential and non-public Company information in favor of themselves or others.

There are no executives who accepted a gift or favor directly or indirectly related to the Company's affairs, and provided unfair advantage.

There is no regulation on compensation for damages incurred by the Company and third parties due to the failure of executives to fulfill their duties duly.

The remuneration of executives is commensurate with their qualifications and their contribution to the Company's success and is determined in accordance with market conditions.

## Rating Definitions

Rating	Definition
9 - 10	The company performs <b>very good</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated.
7 - 8	The company performs <b>good</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated. Deserved to be included in the ISE Corporate Governance Index on the highest level.
6	The company performs <b>fair</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Deserved to be included in the ISE Corporate Governance Index and management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The company performs <b>weakly</b> as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The company performs <b>very weakly</b> and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.

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