

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş

2018 Corporate Governance Principles Compliance Report

1. Declaration of Corporate Governance Principles Compliance

Our company aims to ensure that corporate governance is dominated by all aspects in the management of the company, thereby creating value for company shareholders, employees, stakeholders, environment and society.

Based on this understanding, we aim to provide maximum benefit to both our Company and our stakeholders regarding our relations with shareholders in accordance with our principles of transparency, reliability, accountability and honesty.

Our company's management is within the principles of Corporate Governance No. (1.3.1.), (1.3.5.), (1.3.6.), (1.3.9.), (4.2.6.), (4.3.1.), (4.3.2.), (4.3.3.), (4.3.4.), (4.3.5.), (4.3.6.), (4.3.7.), (4.3.8.), (4.5.1.), (4.5.2.), (4.5.3.), (4.5.4.), (4.5.9.), (4.5.10.), (4.5.11.), (4.5.12.), (4.5.13.), (4.6.2.) and (4.6.3.), which is published by the Capital Markets Board.

In the activity period between 01.01.2018 - 31.12.2018 of our Company, the above principles enforced to be applied are implemented in Anel Elektrik and since most of the principles that are not mandatory to be applied are aspects that coincides with the prudent management philosophy that has been settled within the years at Anel, as stated above, these have been widely adopted and implemented by Anel Elektrik as well.

There is no conflict of interest arising from cases summarized below and that are not implemented.

- In accordance with article 4.2.6 of the "Corporate Governance Principles"; our Company Chairman Anel Holding A.Ş. and is represented by Rıdvan Çelikel. Rıdvan Çelikel acts as the head of execution personally.
- In the Company's Articles of Association, no regulation was made within the scope of dissenters' rights in accordance with 1.5.2 numbered article of "Corporate Governance Principles". Legislation in force shall apply in this matter.
- There is no obstacle which prevents communicating the transactions of the Company, being contrary to relevant legislation and being inappropriate in terms of ethical values, by the stakeholders to the Corporate Governance Committee or to the Committee Responsible for the Audit, as specified with article no.3.1.4 of the "Corporate Governance Principles", since the members of the committee and all means of communication used by the corporation are disclosed.

- The preferential rights granted to shareholders of Group A are as follows:
 - All members of the Board of Directors, except for the independent members, are selected among A Group shareholders or candidates that they recommend.
 - In the General Assemblies, A Group shareholders have (2) voting rights and B Group shareholders have (1) voting right.

PART I – SHAREHOLDERS

2. Unit for Relations with Shareholders

Our Company has Investor Relations Department that has been operating since the day we went public. The department works under the management of Cem Özşen; The Director of Financial Affairs and Finance, and the Corporate Governance Committee, reports the information regarding the activities in terms of duties in the Corporate Governance Communiqué to the Committee at the Corporate Governance Committee meetings during the year. The relevant information is also communicated to the Board of Directors with the minutes of committee decisions. Information about the Investor Relations Department is given below.

Aynur Zorer

Investor Relations Manager

She holds CMB Level 3 License.

Zeynep Yıldırım

Accounting Officer - Investor Relations Department Member

She does not have any license certificate.

Phone : +90 216 636 22 30

E-Mail : investor.relations@anel.com.tr

Address : Anel İş Merkezi, Saray Mahallesi, Site Yolu Caddesi No:5/4 Ümraniye / İstanbul

Main duties that the department carries out are as follows:

- a) To keep the correspondences made between the investors and the partnership and the records with regard to other information and documents well, secure and up-to-date
- b) To respond to written information requests of the partnership shareholders with regard to the partnership
- c) To prepare documents that should be submitted for information and review of the shareholders with regard to the meeting of the General Assembly and to take precautions that will ensure the meeting of the General Assembly to be held in accordance with the relevant legislation, articles of association and other intra-partnership regulations

- d) To observe and follow that the obligations arising from the capital market legislation are fulfilled, including all issues with regard to the corporate governance and public disclosures.

The questions directed to the Investor Relations department are answered in accordance with Anel Information Policy.

3. Exercise of Shareholders' Rights to Obtain Information

In order to enable shareholders to have easy access to information about our Company, the information required for the website in the Corporate Governance Principles has been made available to the shareholders on the Company's website under the heading of investor relations. It is the responsibility of the Investor Relations Department to update and monitor the information on the Internet.

In the framework of the principle of equality without any discrimination, the verbal and written questions directed to the Investor Relations Department are responded as soon as possible, provided that it's not a confidential business information or an information that has not been disclosed to the public yet.

Regarding the regulation of the request for the appointment of a special auditor, which is included in the Corporate Governance Principles, there is no regulation in the articles of association of the company and the provisions of the applicable legislation are applied. No special auditors were appointed during the year.

4. Information on the General Assembly

Ordinary General Assembly Meeting realized in 2018 at the company's headquarters on 26.09.2018, with the participation of a total 110,000,000 shares corresponding to the company's capital amounting to TL 110,000,000, 22,188,841 to Group A by proxy and 2,272,935 pieces equivalent to 56,819,032 Group B capital, 57,707,776 pieces by proxy and 19,027,162 pieces electronically, total 79,007,873 with 71,82% quorum. In addition, there was no General Assembly meeting during the year. Ordinary General Assembly Meeting announcements were made on 04.09.2018 in Turkey Trade Registry Gazette before the date of the General Assembly, on 30.08.2018 in the Ortadoğu and Hürses Newspapers that are being published throughout Turkey, the Public Disclosure Platform on 28.08.2018, on the Central Registry Agency Electronic General Meeting System and on our company's website. There was no participation to our meeting from the press.

Attention was paid to make the General Assembly announcements through early and various channels in order to facilitate the participation of shareholders and not to cause inequality among the shareholders. Before the General Assembly, the disclosure document containing detailed explanations on the items on the agenda, the sample of power of attorney, the proposal of dividend distribution are publicly disclosed through the Public Disclosure

Platform, as well as the information document containing detailed explanations on the items on the agenda, the example of power of attorney, the proposal for profit distribution, annual activity reports, financial statements and reports were made available to the shareholders at the Company's headquarters, the E-General Assembly system of the Central Registry Agency and on our company's website.

All of the shares representing the issued capital of our Company are bearer shares and all of these shares are dematerialized. In this context, meeting invitation was announced, in the Turkey Trade Registry Gazette in accordance with the provisions of the law and the Articles of Association and on time, so as to contain the proxy form and the agenda.

While preparing the agenda of the General Assembly, attention is given to the fact that each proposal is given under a separate title and the agenda topics are expressed in a way that does not lead to different interpretations. In the agenda, utmost attention has been paid not to include phrases such as "other", "various" and the information to be given before the General Assembly Meeting is given by referring to the related agenda items.

The Chairman of the Meeting makes preparations in advance regarding the conduct of the General Assembly in accordance with the Turkish Commercial Code, the Law and the relevant legislation and obtains the necessary information.

In the General Assembly Meeting, the issues on the agenda were conveyed in an objective and detailed manner by means of a clear and understandable method and shareholders were given the opportunity to express their opinions and ask questions under equal conditions. The questions raised at the meeting were answered by the managers of our company who attended the meeting. On the other hand, no agenda suggestions were given by the shareholders.

Shareholders do not have any requests in writing to the Investor Relations Department regarding the placing of items on the agenda. If there is a demand before the announcement of the General Assembly, it is evaluated.

The Paragraph 4 of Article 29 of the Capital Markets Law states that it is mandatory that the issues to be discussed by the General Assembly of the public corporations are required to be discussed on the agenda of the General Assembly, without taking the principle of adherence to the agenda into consideration. In accordance with the Capital Markets Board's bulletin numbered 2018-40, The members of the Board of Directors, who are responsible for the actions that require administrative fines to be imposed to the company, was put to vote for not recourse to these administrative fines. 291,450 rejection votes were accepted by the majority of votes with 21,008,647 admission votes. Members of the Board of Directors and the Majority Shareholders did not vote in accordance with the CMB directive.

22,188,841 shares of 110,000,000 shares corresponding to the company's total capital of TL 110,000,000 are registered.

All 87,811,159 shares are bearer shares. The General Assembly Meetings and the quorum in these meetings are subject to the provisions of the Turkish Commercial Code. Our Company's shares are divided into Group A and Group B shares. Group A shares have privileges.

The A Group shareholders or their proxies present at the Ordinary and Extraordinary General Assembly Meetings have 2 (two) votes for one share, the other shareholders or their proxies have 1 (one) vote for a share.

General Assembly shall be briefed if there are any transactions carried out with reference to the permission obtained by the shareholders holding managerial sovereignty, Board Members, senior executives and their spouses and relatives by blood and by marriage up to second degree for performing the duties falling into the subject of company activities within the framework of Turkish Commercial Code's 395th and 396th articles and Capital Markets Board regulations at the General Assembly. The members of the Board of Directors, the other persons concerned, the authorities and auditors responsible for the preparation of the financial statements were required to be present at the General Assembly Meeting in order to give the necessary information and to answer the questions about the matters on the agenda.

Information about the amount of donations and aids provided to the public by the Company during the year was given as a separate agenda item at the General Assembly.

The minutes of the General Assembly and other documents are presented on the Company's website, the Public Disclosure Platform and the Central Registry Agency Electronic General Assembly System for the information of the shareholders and all stakeholders.

There hasn't been any change in the articles of association in 2018.

5. Voting Rights and Minority Rights

In the company, the practices that will make the use of the voting right difficult are avoided; and every shareholder shall be provided with the opportunity of using the voting right in the easiest and most appropriate way.

Meetings of the general assembly and quorum in this meeting are subject to Turkish Commercial Code provisions. The shares of our Company have been divided as A group and B group. A group shares have privileges. In the meetings of the general assembly, a share in A group has two (2) voting rights and a share in B group has one (1) voting right.

In the meetings of the General Assembly, the shareholders may have themselves represented by other shareholders or proxy holder appointed extrinsically by them within the scope of regulations of the Capital Market Board with regard to voting by proxy. The proxy holders, being shareholder of the company, are authorized to cast the votes of the shareholder they represent, in addition to their own votes.

In our company, there is not any reciprocal shareholding relation. Having the dissenters' rights exercised within the scope of the legislation is considered important, and no limitation was issued.

6. Dividend Right

The dividend policy of our Company was arranged in accordance with the Capital Market Board legislation and company articles of association and is approved by our General Assembly. The date and type of distribution of dividends are decided by the General Assembly upon the recommendation of the Board of Directors, considering the Capital Market Legislation. Our Company's Dividend Policy is included in our Annual Report and on Company's website.

Dividend Policy consists minimum information with an explicitness that will enable the shareholders to foresee the distribution procedures and principles of the profit to be obtained in the following periods by the partnership. In addition, in the Dividend Policy, a balanced policy between the interests of the shareholders and the interests of the partnership is followed.

If the Board of Directors offers the General Assembly to not distribute dividends, the Board must inform the shareholders on the reasons for their decision as well as the intended use of the retained earnings in the relevant agenda item.

As of the end of 2017 fiscal year, TL 9,515,304.71 loss has been incurred as a result of our operations in the financial statements for the period 01.01.2017 - 31.12.2017 prepared in accordance with the Tax Procedure Law of the Board of Directors. The profit amounting to gross TL 14,007,285, which is calculated as 20% on the profit of TL 70,036,425 in our consolidated financial statements in 2017, was distributed to our shareholders upon the approval of the General Assembly.

7. Transfer of Shares

In the articles of association of our Company, an information is included that the Bearer shares may be transferred freely as per the legislation provisions, however, the transfer process of Registered shares can be completed after the transfer request made in writing, is approved by the Board of Directors and registered in stock ledger.

Transfer of shares in our company is made in compliance with the provisions of the Turkish Commercial Code (TCC) and the Capital Markets Board.

PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Policy

Within the framework of the Information Policy established within the scope of the Corporate Governance Principles published by the Capital Markets Board, Our company aims to make sure that its shareholders and all stakeholders are fully informed in a timely and accurate manner. The information to be disclosed in this context are information that are not covered by trade secrets. The information policy is published on our company website.

In mandatory disclosures within the context of the Capital Markets Legislation and other relevant legislation; Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi ("Anel"), uses the tools included in the "Information Policy". In accordance with the regulations which the

Company is subject to, the aim of the Anel Information Policy, is to provide the communication of the disclosures to all stakeholders including the shareholders, investors, employees and customers in full, fairly, accurately, in a timely manner, comprehensibly, synchronously, actively and transparently and in an easily accessible way.

9. Company Website and its Content

The company website was established in order to provide information to shareholders, stakeholders and the public in a clear, concise and simultaneous manner; its address is www.anelgroup.com. CMB decisions and announcements regarding the implementation of CMB Principles and Communiqués and necessary information are given on the Company website and it is updated all the time. The website of the Company includes the matters specified in the Corporate Governance Principles.

On the other hand, activities carried out by our Company within the framework of Corporate Social Responsibility Principles are also included in our website.

10. Annual Report

Our company's annual reports are prepared to provide the public with complete and accurate information about our Company's activities and in accordance with the criteria set out in the Turkish Commercial Code, Ministry Regulation and the Corporate Governance Principles published by the Capital Markets Board.

SECTION III – STAKEHOLDERS

11. Informing Stakeholders

Our stakeholders are our shareholders, investors, suppliers, customers, employees, and other stakeholders in the community who are directly involved with the Company in its activities and in achieving its objectives.

As Anel, one of our goals is to take Management decisions fairly, transparently and accountably, and to fulfil our responsibilities towards all these groups in the best possible way.

Mutual agreement on the rights, duties and obligations of the personnel is provided with the contract signed between the employee and the company. Human resources applications are determined by regulations. In the event they are updated, related persons are informed. The compensation provisions to be applied to employees are applied in the manner prescribed by the applicable labour law.

Our Company has taken the rights of its employees under protection by contracts and regulations and in case of violation of protected rights, the provisions of labour law apply. Shareholders, investors and analysts may access to information that is mandatory to be maintained pursuant to the Corporate Governance Code from the Investor Relations Section in our Company's website.

In addition, the Investor Relations Department can be contacted by telephone or by e-mail using investor.relations@anel.com.tr e-mail address. Necessary mechanisms are established by Human Resources Department in order to share the transactions that the stakeholders consider that they are not legitimate and ethically inappropriate.

The transfer of information to employees is carried out by gathering in various organizations or through the intranet system used within the Company. Some important announcements are communicated to all employees via e-mail. The necessary arrangements are made to ensure a double-sided flow of information between the managers and employees.

In our company, ensuring compliance with legal regulations and oversight is the responsibility of the Audit Committee and to examine the complaints of shareholders and stakeholders on issues related to corporate governance and to link them to the conclusion are the responsibility of the Corporate Governance Committee.

12. Participation of Stakeholders in Management

It is ensured that employees have a say in determining the company's strategy and therefore its objectives with a strategy determination questionnaire every year. The results of the questionnaire are analysed by the Management Systems Department and the results are shared with the participants.

For employee satisfaction, HR processes are being renewed by consulting employees. Training and Performance Management Processes are managed by the committees, including our employees from different departments. With our shared decision making culture; our employees use the right to make decisions in processes that will affect them. Especially in order for our Human Resources and internal communication processes to respond to customer (employee) expectations, our processes are managed together with our employees through questionnaires and workshops, with the idea that partnering with customers (employees) for the decisions will reach the right result.

13. Human Resources Policy

One of the primary objectives of the Human Resources Policy is to support the continuous improvement of the employees, who are the key players to contribute to the Company's success in realizing the company's goals and strategies and expanding its corporate capabilities and creating value.

Bringing qualified human power to our company which possesses the values of Anel and will carry us to the future is primarily aimed. Providing the development of our employees, creating the opportunities to unleash their potential, and promoting the contributions and achievements of the organization constitute the basis of the Human Resources policy. The criteria for staff recruitment in our company have been determined in writing. Accordingly, from the moment employees enter the job, career plans are identified and equal opportunities are provided for people on equal conditions. At the end of the year, general evaluations are made on the plans and the position reached.

Trainings are held that will directly affect our corporate achievement in order to carry our personal and professional competences forward. Gökçe Babayiğit, Gülay Savaşan and Murat Akcan have been appointed as representatives to carry out the relations with the employees

in our Company and employees are notified on the decisions made about employees or the developments that are relevant to employees through representatives. In addition, employees are exchanged views on the company's status, education, career, and health.

Job descriptions and distribution, performance and other criteria of company employees are determined by company internal guidelines and these documents are kept on a portal where all employees have access. 360-degrees performance evaluation is carried out once a year, depending on the competencies required for the position and the specified goals. It is intended to remunerate the employees for the added value and responsibilities they provide in the organization.

Employees are treated equally in Training & Development, Performance Management, Career Management, Remuneration and other Human Resources processes without discrimination of ethnicity, language, religion, race or gender. No complaints were raised by any employee on the related subject during the year. Our policy is to provide a safe environment for our employees, subcontractors and visitors by taking preventive measures in all projects and removing potential hazards.

Collective agreement application is not available in our company and all rights and benefits are provided to our personnel within the framework of Labour Law. Thanks to our shared decision making culture, our employees use their right to make decisions in processes that will affect them.

14. Relations with Customers and Suppliers

Company takes all kinds of precautions to ensure customer satisfaction in the work that it has performed. Customer demands are met in accordance with the terms of the contract and the customers are informed without delay waiting for the end of the period. In the works performed, we comply with the quality standards and demonstrate due diligence maintaining the standards. For this purpose, a guarantee is provided by negotiating the terms of the contract.

The confidentiality of information contained within the context of trade secrets relating to customers and suppliers are taken care of.

15. Ethical Rules & Social Responsibility

Ethical rules have been formed for the Company and its employees by the Board of Directors of our Company and information on ethical practices has been announced to the public on our company's website.

The principles set forth in the Ethical Business Principles of our Company constitute the foundation of our company's corporate culture.

Due to the value it attaches to sustainability, Anel signed the United Nations (UN) Global Compact Agreement in 2013. Anel carries out the ten principles of the Global Compact Agreement in its strategies and practices and carries out its activities with continuous improvement.

Founded in 2007, Çelikel Education Foundation aims to contribute to the development of our country based on human rights, to become a country with the highest level of international success, as well as people with self-confidence but conscious of limits. To this end, it develops and implements programs aimed at increasing the quality of education in order to contribute to the education of creative, responsible people who are self-aware and can be evaluated on the basis of their value knowledge. As in previous years, Anel Elektrik continued to support the programs carried out by Çelikel Education Foundation in 2018 as well. Information on social responsibility activities is available on the Company website and in the annual report.

SECTION IV - BOARD OF DIRECTORS

16. Structure, Formation of the Board of Directors and Independent Membership

The Board of Directors manages and represents the company by taking into consideration the long-term interests of the company with its rational and cautious risk management approach by keeping the risk, growth and return balance of the company at the optimum level with the strategic decisions it takes.

Board of Directors; defines the strategic objectives of the company, determines the workforce and financial resources of the company, and controls the performance of the management. The Board of Directors carries out its activities in a transparent, accountable, fair and responsible manner.

The Company's business and management is carried out by the Board of Directors, which consists of 7 members, elected by the General Assembly. Three members of the Board of Directors are members of the Board of Executive and the remaining 4 members are non-executive members. While there are 28.57% of female members in the Board of Directors, which is above the target level stated in the Corporate Governance Principles, there are two independent members of the Board of Directors in accordance with Article 6 of the Corporate Governance Communiqué.

Each of the independent members has written declarations of independence.

Name-Surname	Title
Anel Holding A.Ş. (Represented by Rıdvan Çelikel)	Chairman - (Executive)
Avniye Mukaddes Çelikel	Vice Chairman - (Executive)
Ahmet Bülent Batukan	Member (Non-Executive)
Mahir Kerem Çelikel	Member - (Executive)
Merve Şirin Çelikel Tombuloğlu	Member - (Non-Executive)
Ahmet Fatih Ediboğlu	Independent Member
Prof. Dr. Ahmet Münir Ekonomi	Independent Member

Rıdvan Çelikel (Representing Anel Holding A.Ş.)*Chairman of the Board*

Rıdvan Çelikel graduated from Electrical Engineering Department of Yıldız Technical University. He began his career at Öneren Engineering in 1975. After working as a partner at Aktek Elektrik between 1983-1985, Çelikel established Anel Elektrik in 1986. Currently, he is the Chairman of the Board of Anel Group companies. Rıdvan Çelikel also serves as Founding Member at ETMD, the Electrical Installation Engineers Association.

Avniye Mukaddes Çelikel*Vice Chairman of the Board*

Avniye Mukaddes Çelikel graduated from Chemical Engineering Department of Istanbul University, she has been serving as Member of the Board of Anel Group companies since 1986. Currently, she is the Vice Chairman of the Board, the Support Units Group President. In addition, she is the President of Çelikel Education Foundation.

Mahir Kerem Çelikel*Board Member*

After graduating from Robert College in 1999, Mahir Kerem Çelikel received his bachelor's degree from Johns Hopkins University's Department of Mathematical Sciences and Electrical Engineering in 2004 and his MBA from Boğaziçi University's Department of Business Administration in 2007. Subsequently, he completed his Master's degree in History at Boğaziçi University and began his Ph.D. in History at Berkeley University. Çelikel started his career at Anel Group in 2013. Currently, he serves as Member of the Board of Anel Group companies.

Merve Şirin Çelikel Tombuloğlu*Board Member*

Merve Şirin Çelikel Tombuloğlu received her bachelor's degree in Electrical & Electronical Engineering from Berlin Technische Universitaet in 2008, and received her MBA in Business Administration from INSEAD University in 2012 as a scholarship student. In November 2008, she started her professional career as Project Engineer at Hexagon Global Energy, a company that operates in alternative energy investments. Between 2009 - 2011, Merve Şirin Çelikel Tombuloğlu worked as Senior Tender Engineer at the Wind Power Department and as Project Quality Manager at the Tender Department of Siemens Energy. She joined Anel Group in 2011 and currently serves as Member of the Board of Anel Group companies.

Ahmet Bülent Batukan*Board Member*

Ahmet Bülent Batukan received his degree in Mathematics Department of Middle East Technical University in 1976, and Master's degree in Business Management Department of Gazi University. Between 1976-1981, Batukan worked as Assistant Manager in charge of Ankara Regional Sales at Koç Burroughs Computer Systems. He joined and served Saniva (Sperry Univac) in 1981 as Ankara Regional Manager and then took the position of Istanbul Major Computers Department Manager. Between 1988 and 1991, Batukan served as General Manager at Kavala Group Teleteknik. In 1991, he joined and served Setus as Founding Partner and General Manager until 1998. Between 1998-2005 he served as Board Member at Setkom. Batukan joined Anel Group in 2005 and he currently serves as Board Member in Anel Group companies.

Prof. Dr. Ahmet Münir Ekonomi*Independent Board Member*

After graduating from Istanbul University Faculty of Law in 1955, Prof. Dr. Ahmet Münir Ekonomi started his academic career as Labour Law Assistant at Istanbul Technical University and then started his education which he received his Ph.D. from Munich University's Faculty of Law. As he was appointed as Assistant Professor and Professor, Prof. Dr. Ahmet Münir Ekonomi lectured Labour Law at Istanbul University and Galatasaray University's Faculty of Engineering and Technology. Prof. Dr. Ahmet Münir Ekonomi, in addition to Anel Group, serves as a consultant for Akbank, Eczacıbaşı Holding, Türk Ekonomi Bankası, Türk Telekom, PharmaVision Holding, Japon Tütün Ürünleri Pazarlama and Unilever Holding. Formerly a Member of the Board at the Yaşar Educational and Cultural Foundation, Prof. Dr. Ahmet Münir Ekonomi currently serves as a Board Member at the Istanbul Foundation for Culture and Arts, Dr. Nejat Eczacıbaşı Science and Arts Foundation, Istanbul Modern Art Foundation, Istanbul Museum of Modern Art and Istanbul Archaeology Museum Society. Meeting all the requirements defined in the Corporate Governance Principles set out by the Capital Markets Board, Prof. Dr. Ahmet Münir Ekonomi is not affiliated with Anel Elektrik or its subsidiaries.

Ahmet Fatih Ediboğlu*Independent Board Member*

Upon completing his master's degree in Business Administration at Sorbonne University, Ahmet Fatih Ediboğlu, started his professional career at Hürriyet in 1979. Then he served as Deputy General Manager and Member of the Board of Directors at Hürriyet and then as Consultant on Content and Investments. After working at Digiturk, he worked as a General Manager and Board Member at STAR TV, General Manager and Board Member at Atv, General Manager and Board Member at 1 Numara Dergicilik and General Manager and Board Member in Sabah. Ahmet Fatih Ediboğlu is an Executive Board Member of Midwood Studios, in addition to Anel Group companies. Meeting all the requirements defined in the Corporate Governance

Principles set out by the Capital Markets Board, Ahmet Fatih Edibođlu is not affiliated with Anel Elektrik or its subsidiaries.

As stipulated in our Articles of Association, members other than the independent members of the Board of Directors are elected by the General Assembly among Group A shareholders or the candidates they nominate.

Except for the independent members of the Board of Directors, other members of the Board of Directors are also members of the Board of Directors of other Anel Group companies.

It has been decided that the members of the Board of Directors will not be subject to the prohibitions and restrictions set forth in Articles 395 and 396 of the Turkish Commercial Code No.6102 in our Company's annual Ordinary General Assembly in order to be able to take part in other group companies affiliated with our company. Within this framework, the members of the Board of Directors are not subject to any restrictions regarding their duties outside the company in the period decided by the General Assembly.

Board of Directors	Other Positions
Rıdvan Çelikel	Chairman of the Board of Anel Group Companies and Member of Management Board
Avniye Mukaddes Çelikel	Vice Chairman of the Board of Anel Group Companies and Member of Management Board
Merve Şirin Çelikel Tombulođlu	Board Member of Anel Group Companies
Ahmet Bülent Batukan	Board Member of Anel Group Companies
Mahir Kerem Çelikel	Board Member of Anel Group Companies
Prof. Dr. Ahmet Münir Ekonomi	Consultant at Akbank T.A.Ş., Eczacıbaşı Holding A.Ş., Türk Ekonomi Bankası A.Ş., Türk Telekom A.Ş., PharmaVision Holding A.Ş., Japon Tütün Ürünleri Pazarlama A.Ş. and Unilever Holding A.Ş.
Ahmet Fatih Edibođlu	Midwood Studios Executive Board Member

17. Operating Principles of the Board

As stated in our Company's articles of association, the Board convenes as the Company affairs require. Calls to meetings are made via telephone and e-mail. The meeting agenda is determined in consultation with the Chairman of the Board upon the request of the Board Member.

The frequency of meeting of the Board of Directors of our Company and the meeting and decision quorum are determined in the Company's Articles of Association.

The agenda of the meeting and the documents related to the agenda are prepared by the secretariat of the Board and are sent to the members in the form of a file by allowing the members to examine and evaluate the issue.

In 2018, the Board held 24 meetings and the participation rate was 99%. Since the decisions were taken unanimously in all of the meetings, there is no counter opinion to the decision record. However, if such a situation arises, all necessary matters related to these views will be recorded in minutes.

The Board plays a pioneering role in ensuring effective communication between the company and shareholders, eliminating and settling disputes that may arise, and cooperates with the Corporate Governance Committee and the Investor Relations Department.

The Board reviews the effectiveness of risk management and internal control systems at least once a year. Information is provided about the operation and effectiveness of the internal audit system in the annual report.

The authorities of the authorized signatories have been clearly separated and this distinction is written in the circular of signatures. No one in the company is equipped with unlimited decision-making authority. The Board convenes with the attendance of at least one more than half of the members of the Board. The Board convenes within the framework of the Turkish Commercial Code and the articles of association and makes decisions with the majority of the participants.

Members of the Board take care to attend the meetings held during the activity period of and to present opinions. If there is a member who cannot attend the meeting but sends his / her opinions in writing, his / her opinions are notified to other members. The decisions of the Board and the decisions of all related parties are taken with the approval of the majority of the independent members in accordance with the Corporate Governance Principles.

In the meetings held during the period, there weren't any members who voted against the Board's resolutions.

Board members do not have voting rights and / or veto powers in case of equality. Each of the members of the Board, including the Chairman of the Board, has one vote and no member has weighted vote.

The Chairman of the Board of our Company is Anel Holding A.Ş. and is represented by Rıdvan Çelikel. Rıdvan Çelikel takes place personally as the chief of the execution.

Members of the Board and executives of our Company are guaranteed by an insurance with an amount of 25 million dollars in cases where damages may occur because of their mistakes and omissions.

18. Number, Structure and Independence of the Committees Formed in the Board

In 2018, the activities of the Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee, Corporate Governance Committee, Nomination Committee and Remuneration Committee were continued. The activities and working principles of the committees are publicly disclosed on the Company's website.

The Audit Committee convenes six times a year, the Corporate Governance Committee twice a year and the Early Detection of Risk Committee six times a year. The minutes of the Committee meetings are submitted to our Company's Board of Directors.

All kinds of resources and support for the committees to perform their duties are provided by the Board. The committees may invite the persons they deem necessary to their meetings and receive their opinions.

The committees benefit from independent expert opinions on the issues they deem necessary in relation to their activities. The cost of the consultancy services required by the committees is paid by the company. However, in this case, information about the consultant person / organization and whether this person / organization has any relationship with the company is included in the annual report.

In the current structure of the committees, a member of the Board is included in more than one committee. The distribution of our committees by members is as follows;

Corporate Governance Committee	Name Surname	Status
Chairman	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Edibođlu	Independent Member
Member	Semra ađlar (*)	Manager

(*) Semra ađlar resigned from her position on 18.12.2018.

Audit Committee	Name Surname	Status
Chairman	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Edibođlu	Independent Member

Early Detection of Risk Committee	Name Surname	Status
Chairman	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Edibođlu	Independent Member

Information on the procedures followed by the committees established by the Board in the course of their activities is provided on the Company's website.

18.1. Audit Committee

Audit Committee members consists of two independent members of our Board of Directors; as Prof. Dr. Ahmet Münir Ekonomi performs duty as Committee Chairman and Ahmet Fatih Edibođlu performs duty as Committee Member.

Audit Committee supervises Company's accounting system, financial information declaration to public, independent audit and company's internal control and internal audit system operations and its efficiency. Selection of an independent auditing entity, initiating the independent audit period by preparing the independent audit contracts and monitoring independent audit entity's works at every stage shall be performed under the supervision of audit committee. The independent audit entity, which the company will receive service and the services from these entities shall be determined by audit committee and submitted to Board of Directors' approval.

Methods and criteria to be applied on examining and resolving the complaints reached the company with regard to company's accounting and internal control systems and independent audit, evaluating the notifications concerning company's accounting and independent auditing, made by company employees within the framework of confidentiality principle shall be determined by the Audit Committee.

Audit committee shall notify in writing the Board of Directors, with its own assessments by taking the opinions of the company's responsible managers and the independent auditors about the assessments regarding veridicality and accuracy of the annual and interim period financial reports to be declared to the public with the accounting principles followed by the company.

18.2. Corporate Governance Committee

In 2018, Prof. Dr. Ahmet Münir Ekonomi, Independent Member of the Board of Directors was appointed as Chairman of the Corporate Governance Committee, Ahmet Fatih Edibođlu, the Independent Member of the Board of Directors as member of the Corporate Governance Committee and Semra Çađlar, Investor Relations Manager as member of the Corporate Governance Committee. Semra Çađlar resigned from her position on 18.12.2018.

The Committee determines whether the Corporate Governance Principles are applied in the Company, if it is not applied, detects conflicts of interest arising from not following these principles and advises the Board to improve corporate governance practices and supervises the works of the Investor Relations Department..

18.3. Early Detection of Risk Committee

Early Detection of Risk Committee members consists of two independent members of our Board of Directors; as Prof. Dr. Ahmet Münir Ekonomi performs duty as Committee Chairman and Ahmet Fatih Edibođlu performs duty as Committee Member.

It is responsible for early detection of the risks that may endanger company's presence, development and continuity, taking necessary measures related with the detected risks and conducting studies with the purpose of managing the risk, and revises risk management systems at least once in a year.

Due there are 2 Independent Members of the Board of Directors, our Independent Board Members are able to take charge in more than one committee.

19. Risk Management and Internal Control Mechanism

Internal control and risk management mechanisms were established to assess the company's existing and potential risks and to take necessary preventive measures and these mechanisms were approved by the Board of Directors and started to be applied. According to Internal Audit Regulation approved by the Board of Directors, the purpose of internal audit is to monitor, develop, and improve every operation of the company and to serve as independent consultant and to offer objective assurance in order to add value to the group. General Management assists in reaching the goals of the Company by developing systematic approaches for the assessment and improvement of the efficiency and effectiveness of Risk Management, Internal Control and Management processes.

The scope of the Internal Audit Activities is as follows:

1. All processes and activities of the company is included in the audit scope.
2. Audit Group's activities include assessing the compliance of the Risk Management, Internal Control and Management Processes with the structure determined by the Board of Directors, and determining whether they are sufficient and whether they operate systematically within the framework of the subjects below:
 - a) To correctly identify and manage all financial and operational risks that may adversely affect the Company's activities effectively,
 - b) To establish effective communication with relevant departments and branches in matters covered by the audit,
 - c) Keeping important financial, managerial and operational information for company's operations accurate, reliable and up-to-date,
 - d) Ensuring that all employee operations comply with Company policies, procedures and principles, Ethical Code of Conduct, standards and relevant legal regulations and law,
 - e) Ensuring efficiency in obtaining and using all resources of the company,
 - f) Developing quality and development effort in the internal control processes constantly,

- g) Monitoring that the regulations and legal issues that affect company's operations are directed to the related departments and branches,
- h) Evaluating critical audit results on managerial control, efficiency and corporate identity issues by discussing with appropriate management levels.

20. Strategic Goals of the Company

Since 1986, our company adopts the consciousness of adding value to our future, the society we live in, the institutions and organizations we work with. The objectives and critical performance indicators that are in line with the Company's purpose of existence are determined within the scope of the annual strategy plans. These targets and critical performance indicators are approved by the Board at budget meetings held at the end of the previous year. At its ordinary meetings, the Board reviews the operating results by comparing them with the previous year's performance and target indicators.

- At the PDP announcement of our company on 10.12.2018 it has been decided;

At the meeting of the Board of our company, it has been decided to apply to the Capital Markets Board in accordance with the provisions of the Communiqué on the Procurement Notification numbered (II-26.1), for our subsidiary; Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş., to collect a part of our Group B shares that are not in our company portfolio through voluntary call,

To make appraisal report of Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş, which is included in the content of the application to be made to the Capital Markets Board, based on the audited financial statements dated 31.12.2018,

TL 12 million of funding for the voluntary share purchase offer and the amount in question from our company resources,

Signing an intermediary agreement with an intermediary institution,

To make the Company's management authorized and responsible for the execution of all works and transactions related to the decisions taken.

- The application made to the Capital Markets Board on 30.04.2018 with the request to be approved together with the other documents in Annex 1 of the Communiqué numbered 23.2 was not approved by the Capital Markets Board for the merger of our company

through “transfer” to the Anel Elektrik Proje Taahhüt ve Tic. A.Ş. as a whole with our company’s all assets and liabilities.

The Board decision of the Capital Markets Board dated 20.09.2018 and No. 40 is as follows:

“The demand to approve of the transfer of Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. (Anel Telekom) to Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. (Anel Elektrik), together with the assets and liabilities of the Company and to issue the shares representing the capital to be increased by the Anel Elektrik and approval of the change of the articles of association has been evaluated as negative at this stage by our board.”

21. Financial Rights

The remuneration of the members of the Board and senior executives in our company is made according to the “Remuneration Principles of Board Members and Senior Executives” approved by the Board in 2012. The purpose of these principles is; to ensure that the practices related to the remuneration are planned and executed in order to comply with the relevant legislation and the scope and structure of the company’s activities, long-term goals and strategies, ethical values and internal balances. The relevant guidelines are provided on the company website.

In accordance with the Corporate Governance Principles, in addition to the members of the Board, the remuneration and all other benefits provided to senior executives of the Company are also disclosed to the public through the annual report.

Profit share, share options or payment plans based on the performance of the company are not used in the remuneration of the Independent Board Members. All members of the Board are entitled to a monthly attendance fee within the period determined by the General Assembly. These fees do not affect the independence of the Independent Members of the Board and are not determined based on the performance of the Company.

Payments made to senior executives of the Company consist of monthly fees. Fees to be paid to senior executives are determined by considering the title and the nature of the work performed, merit, experience, performance and the financial situation of the Company.

In 2018, a total of TL 584,006 of salary and attendance fee was paid to the members of the Board, while the remuneration and all other benefits provided to the senior executives who have a voice in the management during the same period amounted to TL 8,247,565.

We do not lend money to any Board member and managers, nor make any loans under the name of a personal loan through a third person or provide guarantees such as surety in favor of our Company.