

CORPORATE GOVERNANCE

PART I: STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Our company aims to ensure corporate governance fully dominates the company's management and hence to provide value for the company's shareholders, employees, stakeholders, the environment and the public at large.

Based on this understanding, it is our objective to provide maximum benefits to both our Company and stakeholders regarding relations with shareholders in line with our principles of transparency, reliability, accountability and integrity.

Issues pertaining to standards numbered (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.) in the Corporate Governance Principles issued by the Capital Markets Board, which the management of our company is required to apply are specified in the report.

Anel Elektrik applied mandatory standards referred to above in our company's operating period 01.01.2019 - 12.31.2019 and the majority of non-mandatory standards have been largely adopted and being applied by Anel Elektrik as they coincide with the cautious management philosophy that has taken root within Anel over years as mentioned above.

There is no conflict of interest stemming from issues summarized below. .

- As per article 4.2.6 of "Corporate Governance Principles", Anel Holding A.Ş., represented by Rıdvan Çelikel, is the Chairman of Board of our company. Rıdvan Çelikel is the top executive.
- The company's articles of association does not include a special provision regarding minority rights pursuant to article 1.5.2 of "Corporate Governance Principles." Provisions of applicable legislation are followed in that regard.
- We are observing provisions of applicable legislation pertaining to a documented compensation policy for employees, which needs to be established pursuant to article 3.1.2 of "Corporate Governance Principles."
- As regards the requirement that the Corporate Governance Committee or Supervisory Committee be informed of any transaction carried out by the company and stakeholders, which are not in conformity with applicable legislation and are unethical, as stipulated in article 3.1.4 of "Corporate Governance Principles."
- As regards principle 4.4.7, the members of the board of directors can assume roles outside of the company.
- Article 4.5.5 of the "Corporate Governance Principles" cannot be applied as the number of independent members in the Board of Directors does not allow the appointment of a single independent member to all committees.
- As regards principle 4.6.1, a special performance assessment has not been done for the Board of Directors.

- As regards principle 4.6.5, payments to the members of the board of directors and executives with administrative roles are made public at the regular shareholders meeting and in the footnotes of our financial statements in parallel with the general practices.
- As regards principle 4.3.9, the percentage of female members of the board of directors is 28%. There is, however, no policy or goal regarding the ratio of female members.
- As regards principle 4.3.10, the members of audit committee are the independent members of the board of directors and they do not have 5-year experience in audit/accounting and finance.
- As regards principle 3.2.1, job descriptions have been established for each employee and the involvement of employees who are assigned functions in management or operations are detailed in their job descriptions.
- As regards principle 3.2.2, provisions of applicable legislation and Anel's internal processes are taken into consideration with regard to key decisions that will affect stakeholders.
- As regards principle 1.4.2, privileges granted to Category A shareholders are as follows:
 - All members of the Board of Directors, except for its independent members are elected from among Category A shareholders or candidates nominated by them.
 - At shareholders meetings, Category A shareholders are entitled to cast (2) votes for each share while Category B shareholders can cast (1) vote for each share.

Corporate Governance Compliance Report and Corporate Governance Information Form for 2019 have been approved by the Board of Directors and those forms are available at our company's page at www.kap.gov.tr.

PART II: SHAREHOLDERS

2.1 Investor Relations

Anel Elektrik's shares are being traded at BIST since 06.16.2010. The company's issued capital is TL 110,000,000 and each share has a par value of TL 1. The capital consists of 110,000,000 shares. Listed with code "ANELE" in BIST, our company's market value is TL 178,200,000 as at 12.31.2019.

Our company aims to ensure corporate governance fully dominates the company's management and hence to provide value for the company's shareholders, employees, stakeholders, the environment, and the public at large.

Share Code	2019 Closing Price (TL)	2019 Maximum Price (TL)	2019 Minimum Price (TL)
ANELE	1.62	1.64	1.56

We have an Investor Relations Department, which has been active since our company was listed. Reporting to the Fiscal Affairs and Finance Director and the Corporate Governance Committee, this department submits a report containing information about its activities under tasks set forth in the

Corporate Governance Communique to the annual meeting of the Corporate Governance Committee held during the year. Relevant information is also communicated to the Board of Directors by means of a minutes of the committee's decisions. Information about the Investor Relations Department is provided below.

Aynur Zorer

Investor Relations Manager

She holds a SPF Level 3 License and a Corporate Governance Rating License.

Zeynep Yıldırım

Accounting Supervisor - Assigned Member of Investor Relations Department

She does not hold any license.

Phone : +90 216 636 22 30

Email : investor.relations@anelgroup.com

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

Main functions performed by the department are listed below:

- a) To ensure that correspondence between investors and the company and records pertaining to other information and documents are kept in a reliable and safe manner,
- b) To respond to written requests for information about shareholding received from the company's shareholders,
- c) To draw up documents related to shareholders meetings, which are required to be made available to shareholders for their perusal, and to take actions to ensure that a shareholders meeting is held in accordance with applicable legislation, articles of incorporation and other internal regulations of the company,
- ç) To oversee and follow up on the fulfillment of obligations, including those related to corporate governance and enlightening the public, arising from the capital market legislation.

Questions directed to the Investor Relations Department are answered in accordance with Anel's Information Policy.

2.2 Information on Shareholders Meetings

The Regular Shareholders Meeting for 2018 was held on 09.19.2019 at the company's head office where 76.64% of the company's capital totaling TL 110,000,000 was represented (4.51% by shareholders, and 72.13% by proxies). No other shareholders meeting was held within the year. Notices for our regular shareholders meeting was published in the Trade Registry Gazette of Turkey, Ortadoğu and Hürses dailies published throughout Turkey, Public Disclosure Platform as well as on the Central Registration Agency's Electronic Shareholders Assembly System and our company's website within the statutory period prior to the date of the meeting and no media representative attended the meeting.

Care was taken to advertise notices about the shareholders meeting as early as possible and through various channels in order to facilitate the attendance of shareholders in the shareholders meeting and to avoid unequal treatment among shareholders. An informational document containing information about items on the agenda of the shareholders meeting, form of proxy, suggestion for distribution

of earnings are made public via the Public Disclosure Platform prior to the shareholders meeting and they were also put at the disposal of shareholders at the company's head office, e-Shareholders Meeting system of the Central Registration Agency and our company's website.

All shares representing our company's issued capital are bearer shares and they have been completely dematerialized. In that context, the invitation to the meeting, accompanied by a form of proxy and agenda, was published in the Trade Registry Gazette of Turkey within the statutory period in accordance with the provisions of the law and the Articles of Incorporation.

When the agenda of the shareholders' meeting is drawn up, care is taken to ensure that each motion is provided under a separate heading and the headings of items on the agenda are clearly expressed without causing different interpretations.

Care is taken to ensure that terms such as "other" and "various" are not used in the agenda and information to be provided prior to a shareholders meeting is supplied with references to the related items in the agenda.

The chairperson of the meeting makes preparations and gets necessary information for holding the shareholders meeting in accordance with the Turkish Commercial Code, laws, and applicable legislation.

Issues laid down in the agenda of a shareholders' meeting were shared in an impartial and detailed manner by using a clear and understandable method and shareholders were offered the opportunity to express their opinions and to put questions on an equal basis and questions put at the meeting were answered by our company's executives attending the meeting. The shareholders did not table any motion about the agenda.

No shareholder of the company has communicated to the Investor Relations Department any written request for adding an item to the agenda. Any request received prior to the announcement of the shareholders meeting is assessed.

Shareholders meetings and quorum required for passing resolutions at those meetings are subject to the provisions of the Turkish Commercial Code. Our company's shares have been divided into Category A and Category B. Category A shares are privileged. Privileges granted to Category A shareholders: All members of the Board of Directors, except for its independent members, are elected from among Category A shareholders or candidates nominated by them and Category A shareholders are entitled to cast (2) votes for each share while Category B shareholders can cast (1) vote for each share.

Shareholders attending a meeting are informed about transactions, if any, carried out by controlling shareholders, members of the Board of Directors, executives with administrative roles and their spouses and relatives by blood or marriage up to second level in accordance with a permission that they have obtained in order to conduct business falling within the company's line of business under articles 395 and 396 of the Turkish Commercial Code and regulations issued by the Capital Markets Board. The members of the Board of Directors, other persons concerned, people who were responsible for drafting the financial statements, and auditors attended the shareholders meeting in order to provide necessary information about issues specified in the agenda and to reply questions.

The shareholders were briefed about the amount of donations and financial aid provided by our company for public benefit associations and foundations within the year during deliberations on a specific item on the agenda.

Shareholders and all stakeholders can access the minutes of the shareholders meeting and other documents on our company's website, Public Disclosure Platform as well as on the Central Registration Agency's Electronic Shareholders Assembly System.

PART III - BOARD OF DIRECTORS

Rıdvan Çelikel (representing Anel Holding A.Ş.)

Chairman of Board

After earning his undergraduate degree from the Electrical Engineering Department of Yıldız Polytechnic University, Rıdvan Çelikel started his professional career at Öneren Engineering in 1975. He was a shareholder of Aktek Elektrik from 1983 to 1983-1985. Rıdvan Çelikel formed Anel Elektrik in 1986 and he is currently serving as the Chairman of Board of companies within the Anel Group. Rıdvan Çelikel is also the founding member of ETMD Electrical Installation Engineers' Association.

Avniye Mukaddes Çelikel

Vice Chairperson of Board

Avniye Mukaddes Çelikel, graduated from the Chemistry Engineering Department of the University of Istanbul, has been serving as a member of the board of directors in companies within the Anel Group since 1986. She is also the Head of Support Units Group and the President of Çelikel Education Foundation.

Mahir Kerem Çelikel

Member of the Board of Directors

After graduating from Robert High School in 1999, Mahir Kerem Çelikel completed his undergraduate studies at the Mathematical Sciences and Electrical Engineering Department at John Hopkins University in 2004. After earning his graduate degree from the Business Administration Department and his master's degree in history at the University of Boğaziçi in 2007, he started his doctoral studies in history at Berkeley University. He is serving as a member of the boards of directors of companies within the Anel Group.

Merve Şirin Çelikel Tombuloğlu

Member of the Board of Directors

Merve Şirin Çelikel Tombuloğlu earned her undergraduate degree from the Electricity and Electronics Department of Berlin Polytechnic University in 2008 and earned her master's degree in business administration from INSEAD University, which she attended as a scholarship student, in 2012. She began her professional career as a project engineer at Hexagon Global Enerji which is engaged in investments in alternative energy sources in November 2008. After working as a Senior Tender Engineering in the Wind Energy unit of Siemens Enerji from 2009 through 2011, Merve Şirin Çelikel Tombuloğlu was assigned to the tenders unit as Unit Projects Quality Manager in following years. After joining the Anel Group in 2011, Merve Şirin Çelikel Tombuloğlu is serving as a member of the boards of directors of companies within the Anel Group.

Ahmet Bülent Batukan*Member of the Board of Directors*

After graduating from the Mathematics Department of the Middle East Technical University in 1976, Ahmet Bülent Batukan earned his graduate degree from the Business Administration Department of Gazi University. He served as Deputy Manager for Sales at Ankara Regional Office of Koç Burroughs Computer Systems between 1976 and 1981; Head of Ankara Office and Manager of Istanbul Big Computers Department of Saniva (Sperry Univac) between 1981 and 1988; General Manager of Kavala Group's Teleteknik between 1988 and 1991; Founding Partner and General Manager of Setus between 1991 and 1998; and a member of the board of directors of Setkom between 1998 and 2005. He is serving as a member of the boards of directors of companies within the Anel Group.

Prof. Dr. Ahmet Münir Ekonomi*Independent Member of the Board of Directors*

Prof. Dr. Ahmet Münir Ekonomi graduated from the School of Law of the Istanbul University in 1955 and started his professional career as a Labor Law Assistant at Istanbul Polytechnic University in 1956 before completing his doctoral studies at the School of Law of the University of Munich. Prof. Dr. Ahmet Münir Ekonomi was promoted to associated professor and then professor during his employment with the Istanbul Polytechnic University and lectured on labor law at the Engineering and Technology Faculty of Galatasaray University and Istanbul Polytechnic University. In addition to his roles within Anel Group companies, he is serving as an adviser to Akbank, Eczacıbaşı Holding, Türk Ekonomi Bankası, Türk Telekom, PharmaVision Holding, Japon Tütün Ürünleri Pazarlama, and Unilever Holding. Prof. Dr. Ahmet Münir Ekonomi also served as a member of the Board of Directors of Yaşar Education and Culture Foundation and he is currently a member of the boards of directors of Istanbul Culture and Arts Foundation, Dr. Nejat Eczacıbaşı Science and Arts Foundation, Istanbul Modern Arts Foundation, Istanbul Modern Arts Museum and the Association of Aficionados of Istanbul Archeology Museums. Meeting criteria pertaining to independent members under SPK's Corporate Governance Principles, Prof. Dr. Ahmet Münir Ekonomi has no relationship with Anel Elektrik and its affiliates.

Oğuz Tezel*Independent Member of the Board of Directors*

Oğuz Tezel was hired by Siemens AG in 1985 when he was attending the Business Administration Department of the University of Cologne in Germany. He assumed different roles and responsibilities at home and abroad during his career with Siemens that lasted 33.5 years. Oğuz Tezel has gained experience primarily in the field of power generation, distribution and transmission. His articles about these issues appeared in many media outlets and he lectured at conferences. Aside from his role as the Director of Energy Department of Siemens Turkey, he also served as the member of the Executive Board and the Board of Directors. Oğuz Tezel also served as a member of the board of directors of Gebze Industrial Park until May 2019. Oğuz Tezel meets the criteria applicable to independent members under SPK Corporate Governance Principles. He has no relationship with Anel Elektrik and its affiliates.

EXECUTIVES

First and Last Names	Title	Experience
Cem Özşen	Financial Affairs and Finance Director	30 years
Mustafa Parapan	Deputy General Manager, Contracting Projects in Asia and Europe	25 years
Tolga Tutum	Deputy General Manager, Contracting Projects in the Middle East and Africa.	23 years

3.1 Structure and Composition of the Board of Directors

The Board of Directors manages and represents the company by keeping the company's risk, growth, and revenue equilibrium at optimum level through its strategic decisions and safeguarding the company's long-term interests based on rational and cautious risk management.

The Board of Directors defines the company's strategic goals, identifies labor and financial resources that the company will need, and oversees the management's performance. The Board of Directors carries out its activities in a transparent, accountable, fair and responsible manner.

Our company's business and management are handled by a Board of Directors composed of 7 members elected at a shareholders meeting. Three members of the Board of Directors have executive roles while the remaining 4 members have non-executive roles. With two female members serving in our Board of Directors, the percentage of female members is 28.57%, which is above the target set in the Corporate Governance Principles and there are 2 independent members within the Board of Directors in accordance with article 6 of the Corporate Governance Communiqué.

First and Last Names	Title
Anel Holding A.Ş. (Represented by Rıdvan Çelikel)	Chairperson - (Executive)
Avniye Mukaddes Çelikel	Vice Chairperson - (Executive)
Ahmet Bülent Batukan	Member - (Non-executive)
Mahir Kerem Çelikel	Member - (Non-executive)
Merve Şirin Çelikel Tombuloğlu	Member - (Executive)
Oğuz Tezel	Independent Member
Prof. Dr. Ahmet Münir Ekonomi	Independent Member

As specified in our articles of incorporation, members of the Board of Directors other than the independent members are elected from among Category A shareholders or candidates designated by them at a shareholders meeting.

The members of the Board of Directors excluding the independent members also serve as a member of the board of directors of other companies within the Anel Group.

According to a resolution passed at the annual Regular Shareholders Meeting of our company, the members of the Board of Directors will not be subject to prohibitions and restrictions set forth in articles 395 and 396 of the Turkish Commercial Code numbered 6102 in order to enable them to assume roles in the subsidiaries of our company. In that context, the members of the Board of Directors are not subject to any restriction regarding assumption of roles outside of the company within the period decided at a shareholders meeting.

Board of Directors	Other Entities Where He/She Assumed a Role
Rıdvan Çelikel	Chairman of Board and a member of the Board of the Directors in Anel Group companies
Avniye Mukaddes Çelikel	Vice Chairperson of Board and a member of the Board of Directors in Anel Group companies
Merve Şirin Çelikel Tombuloğlu	A member of the Board of Directors in Anel Group companies
Ahmet Bülent Batukan	A member of the Board of Directors in Anel Group companies
Mahir Kerem Çelikel	A member of the Board of Directors in Anel Group companies
Prof. Dr. Ahmet Münir Ekonomi	An adviser to Akbank, Eczacıbaşı Holding, Türk Ekonomi Bankası, Türk Telekom, PharmaVision Holding, Japon Tütün Ürünleri Pazarlama, and Unilever Holding A.Ş.
Oğuz Tezel	-

3.2 Guidelines for Activities of the Board of Directors

As stipulated in the company's articles of association, the Board of Directors convenes when necessitated by the company's business and transactions. Notices for a meeting are communicated via telephone and electronic mail. The agenda of the meeting is determined through consultations with the Chairman of the Board of Directors in response to the request made by the member of the Board of Directors proposing to hold a meeting.

Issues related to the frequency of the meetings of our company's Board of Directors and quorum required for convening meetings and passing resolutions are laid down in our company's Articles of Incorporation.



The agenda of a meeting and documents related to the agenda are drawn up by the secretariat of the Board of Directors and delivered to the members in the form of a file so that they can review it and make assessments about the issue on the agenda prior to the meeting.

The Board of Directors held 42 meetings in 2019 and the rate of attendance to those meeting was 99%.

As all resolutions were unanimously passed at those meetings, there was no dissenting opinion entered in the minutes of the meetings. If such a situation occurs, all issues related to such opinions will be entered in the minutes.

The Board of Directors plays a leading role in providing effective communication between the company and the shareholders and elimination and resolution of potential disputes and works in close cooperation with the Corporate Governance Committee and the Investor Relations Department.

The Board of Directors will review the efficiency of the risk management and internal control systems at least once a year. Information about the functioning and effectiveness of the internal control system is provided in the annual report.

Powers granted to executives authorized to sign documents are clearly separated and documented in the list of authorized signatories. No one within the company has been vested with unlimited powers to make decisions. The Board of Directors will convene if the absolute majority of its members are present. Our Board of Directors convene in accordance with the procedures set forth in the Turkish Commercial Code and the company's articles of incorporation and adopts resolutions with the affirmative votes of the majority of members present.

The members of the company's Board of Directors take care to attend meetings held within the operating period and to express their opinions. If there is any member who could not attend the meeting but sent his or her opinions in writing, they will be notified to other members. Our company's Board of Directors passes resolutions and decisions on all kinds of transactions with the approval of the majority of the independent members in line with the Corporate Governance Principles. No member has voted against resolutions adopted by the Board of Directors at meetings held within the period.

No member has the casting vote and/or power to veto resolutions. Each member of the Board of Directors, including the Chairman of Board, is entitled to cast one vote and no member has a privileged vote.

Anel Holding A.Ş., represented by Rıdvan Çelikel, is the Chairman of Board of our company. Rıdvan Çelikel is the top executive.

\$25 million insurance policies have been obtained for the members of our company's Board of Directors in order to protect them against any claim for damages arising from any error or negligence that they may make while performing their duties.

3.3 Financial Benefits

Remunerations of the members of the Board of Directors and senior managers are set forth in the "Guidelines for the Remunerations of the Members of the Board of Directors and Senior Managers,"

which was approved by the Board of Directors in 2012 and those guidelines aim at ensuring that practices related to remuneration are planned, applied, and managed in accordance with applicable legislation, the scope and structure of the company's operations, long-term goals and strategies, ethical values, and internal stability. Related guidelines are accessible in the company's website.

Dividend, share options or the company's performance-based compensation plans are not used for the remuneration of the independent members of the Board of Directors. All members of the Board of Directors receive a monthly per diem in an amount for the period decided at the shareholders' meeting. Such remuneration is at a level not affecting the independence of the independent members of the Board of Directors and is not determined according to the company's performance.

Payments to the company's senior staff consist of monthly remunerations. Remuneration to be paid to senior staff is determined by taking account of their positions and the nature of their work, qualifications, experience, performance and the company's financial condition.

A total of TL 1,422,430 was paid to the members of the Board of Directors in the form of remuneration and per diem in 2019 and all other benefits and compensation received by our senior staff in the same period totaled TL 8,607,665.

No loan is lent to any member of the Board of Directors or executives of our company, who are neither allowed to borrow personal loans through a third party or to have a guarantee such as a surety provided in their favor.

PART IV - COMMITTEES

The Audit Committee, Corporate Governance Committee, Early Risk Detection Committee, and Nomination Committee and the Compensation Committee, which report to the Corporate Governance, continued their operations within our company in 2019. The main aspects of the activities and working procedures of the committees are shared with the public in the company's website.

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

The Board of Directors provides all kinds of resources and support required for enabling the committees to perform their functions. The Committees may invite any person to their meetings in order to get his or her opinions.

The committees may use the opinions of independent experts regarding any issue pertaining to their activities. Costs of consultancy services needed by the committees are paid by the company. In such a case, however, the annual report will include information about the person / company providing the services and if that person / company has any relationship with the company.

In the current organization of the committees, a member of the Board of Directors may be involved in multiple committees. A breakdown of the members of our committees is provided below.

Corporate Governance Committee	First and Last Names	Status
Chairperson	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Oğuz Tezel	Independent Member
Member	Aynur Zorer	Manager

Audit Committee	First and Last Names	Status
Chairperson	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Oğuz Tezel	Independent Member

Early Risk Detection Committee	First and Last Names	Status
Chairperson	Prof. Dr. Ahmet Münir Ekonomi	Independent Member
Member	Oğuz Tezel	Independent Member

4.1 Audit Committee

The Audit Committee is composed of the two independent members of our Board of Directors and Prof. Dr. Ahmet Münir Ekonomi is serving as the chairperson and Oğuz Tezel is a member.

The Audit Committee oversees the functioning and effectiveness of the company's accounting system, disclosure of its financial data to the public, its independent audit, and the company's internal control and internal audit system. The audit committee supervises the selection of the independent audit firm, drafting of independent audit agreements and the commencement of the independent audit process and works undertaken by the independent audit firm at every phase. The independent audit firm which will provide services for the company and services to be purchased from the firm are determined by the Audit Committee and submitted to the Board of Directors for approval.

The Audit Committee also determines the methods and criteria to be used for examining and making decisions about complaints received by the company with regard to the company's accounting and internal control system as well as its independent audit and evaluating information provided by the company's employees regarding the company's accounting and independent audit based on the principle of anonymity.

The Audit Committee shares its assessments on the accuracy and conformity of the annual and intermediate financial statements to be made public with the company's accounting standards with the Board of Directors in writing alongside the opinions of the company's managers and the independent auditors.

4.2 Corporate Governance Committee

In 2019, the Corporate Governance Committee was chaired by Prof. Dr. Ahmet Münir Ekonomi, an independent member of our Board of Directors, and also included Oğuz Tezel, another independent member of the Board of Directors, and Aynur Zorer, investor relations manager, as members of the committee.

It identifies if the Corporate Governance Principles are being applied within the company and, if not, its reason as well as resulting conflicts of interests and makes recommendations to the Board of Directors for improving corporate governance practices and oversees works undertaken by the Investor Relations Department.

4.3 Early Risk Detection Committee

When performing its functions, the Early Risk Detection Committee, which reports to the Board of Directors, makes recommendations for formulating policies needed for monitoring potential risks and handling risk management processes.

Early Risk Detection Committee,

- It has been set up in order to establish effective internal control systems to identify, assess, monitor, and manage risk elements that could impact on achievement of goals depending on impact and probability;
- To integrate risk management and internal control systems with the corporate organization and to monitor their effectiveness,

To ensure that risk elements are measured through risk management and internal control systems using appropriate controls and reported and used in decision-making mechanisms. The Early Risk Detection Committee is composed of the two independent members of our Board of Directors and Prof. Dr. Ahmet Münir Ekonomi is serving as the chairperson and Oğuz Tezel is a member.

It is responsible for undertaking works for early detection of risks that could jeopardize the company's existence, growth, and continuation, taking necessary precautions against risks identified, and managing risks and it reviews risk management systems at least once a year.

Independent members of the Board of Directors assume roles in multiple committees as there are 2 independent members in the Board of Directors.

PART V - INTERNAL AUDIT

Audits conducted by Anel Group Audit Unit within Anel Elektrik focus on processes and issues mainly categorized as financial, operational, risk, process, legal compliance, business ethics and abuse following a proactive methodology based on International Internal Audit Standards and Anel Group Ethical Standards.

Once identified, audit topics are shared with the related units of the company and a risk-based annual audit plans are devised. Audit findings are regularly reviewed and improvements in operations are monitored.

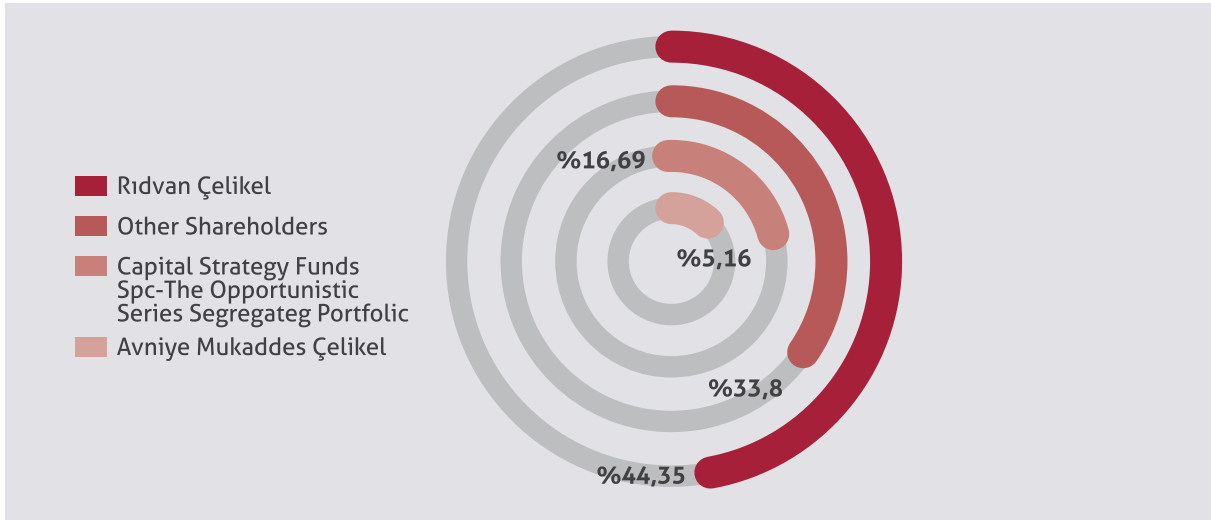
Our company has established internal audit and risk control mechanisms in order to assess existing and potential risks and to take necessary actions and they were adopted by the Board of Directors and put into effect. According to the Internal Audit Regulation adopted by the Board of Directors, the objective of internal audit is to provide independent and impartial assurance and consulting services to audit, develop, and improve our company's operations as a whole and to add value to the group. The Board of Directors develops systematic approaches in order to assess and improve the effectiveness and efficiency of Risk Management and Internal Control and Management Processes in order to contribute to achievement of the company's objectives.

PART VI - LEGAL STATEMENTS

6.1 Shareholding Structure

First and Last Names / Trade Name of Shareholder	Value of Shares (TL)	Percentage of Shareholding (%)
Rıdvan Çelikel	48,780,773	44.35
Avniye Mukaddes Çelikel	5,677,038.58	5.16
Capital Strategy Funds Spc-The Opportunistic Series Segregateg Portfolio	18,360,845	16.69
Other	37,181,344	33.8
Total	110,000,000	100

It has been compiled based on information provided on the Public Disclosure Platform on 03.09.2020.



The company has been included in the authorized capital system and its authorized capital is TL 200.000.000.

Our company's shares have been divided into Category A and Category B. Category A shares are privileged. At shareholders meetings, the holder of a Category A is entitled to cast two (2) votes and the holder of a Category B is entitled to cast one (1) vote. Rıdvan Çelikel holds 53.69% of the shares, including 33.57% privileged shares and 20.12% non-privileged shares.

At shareholders' meetings, shareholders may be represented by another shareholder or a proxy who may not be a shareholder in accordance with the regulations of the Capital Markets Board regarding casting of votes though a proxy. Proxies who are the company's shareholders are entitled to cast their votes as well as the votes held by the shareholder whom they represent.

The company has no procedure that would make it difficult to exercise voting rights and each shareholder is offered the opportunity to exercise his or her right to vote in the easiest and most appropriate manner.

There is no mutual subsidiary relationship within our company. Care is taken to ensure that minority rights are exercised in accordance with applicable legislation and there is no restriction imposed in that regard.

6.2 Information about major actions instituted against the company and their potential outcome

At a hearing held by the 7th Anadolu Commercial Court of First Instance in Istanbul on 04.04.2019 in respect of a lawsuit filed by Acredo Technology BV against our company, the court decided to dismiss

the lawsuit. According to the provisions of a protocol signed between Acredo and our company on 06.26.2019, TL 1,130,000 will be refunded to Acredo in place of TL 2,197,986.91 received as a down payment on condition that Acredo unconditionally waives its rights to appeal against a judgment as part of a settlement and Acredo, on 06.26.2019, provided us with an official document stating that it has waived its rights to appeal a judgment. The amount in question was paid and the case was closed.

Investors of Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. (Anel Telekom), which is one of our subsidiaries, have instituted a suit for damages against our company and the members of the Board of Directors under an agreement which is being heard by the 4th Anadolu Commercial Court of First Instance in Istanbul and the case numbered 2019/15 E. is pending.

There was no action that was brought against the company and could have a significant effect on the company's financial condition and operations. A list of all parties instituted by or against the company is included in the footnotes of the financial statements for the period.

6.3 Information about amendments to applicable legislation which may have a material effect on the company's operations

There was no amendment to the applicable legislation which may have a material effect on the company's operations.

6.4 Information about changes that may affect the operations of our company and its subsidiaries

At a special shareholders meeting of Anel Enerji Elektrik Üretim San. ve Tic. A.Ş. held on December 3, 2019, one of our subsidiaries, it was decided to liquidate the company and the liquidation process is under way.

The Board of Directors decided on December 25, 2019 to liquidate Anel Engineering-Technological Company, also a subsidiary of our company and to end its status as a legal entity and to submit tenders for potential projects in Russia through Anel Elektrik's branch in Moscow, Russia and the liquidation process has yet to be completed.

6.5 Information about changes that may affect the shareholding structure and financial condition of our company and its subsidiaries

An application was lodged with SPK, seeking its approval for a form for proposal to buy shares on 03.15.2019 in accordance with the provisions of the Communiqué on Proposals for Buying Shares numbered (II-26.1) with regard to the collection of a part of Category B shares issued by Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş., a subsidiary of ours, which were not a part of our company's portfolio, through a voluntary call.

The price for Category B bearer shares, which were proposed to be purchased, was fixed as TL 1.26 based on a valuation report drawn up by Gedik Yatırım Menkul Değerler A.Ş. as part of the Board's regulations on valuation by taking account of differences among share categories in terms of privileges.

A total of 824 investors responded to the proposal for voluntary purchase of shares by offering to buy shares with a par value TL 25,807,373.203 between 04.29.2019 and 05.27.2019 and our company's shareholding interest rose from 24.81% to 76.43% as a result of the acquisition of shares.

Our company purchased the shares of Rıdvan Çelikel, Avniye Mukaddes Çelikel, Mahir Kerem Çelikel, Merve Şirin Çelikel Tombuloğlu in Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. (Anel Telekom), and Anel Yapı Gayrimenkul A.Ş. (Anel Yapı), our subsidiaries, on December 24 and 25, 2019 and our shareholding in Anel Telekom's capital rose to 87.49% and our shareholding in Anel Yapı's capital went up to 52.5%. As the privileged shares in both Anel Yapı and Anel Telekom will be transferred to our company's assets as a result of the purchase of shares, Anel Telekom and Anel Yapı companies, which were previously using own funds for accounting, will be treated as a subsidiary in our consolidated financial report as at 12.31.2019 and will use full consolidation for accounting purposes.

6.6 Information about organizational changes within the year

Aynur Zorer, who holds a Level 3 License for Capital Market Operations, was hired as the Manager of our company's Investor Relations Department on 01.09.2019. Aynur Zorer was also appointed a member of the Corporate Governance Committee effective on 01.09.2019.

Ahmet Fatih Ediboğlu resigned as an independent member of the Board of Directors and a committee member on 12.02.2019. Oğuz Tezel succeeded him as the independent member of the Board of Directors and the committee on 12.09.2019.

6.7 Other information regarding events within the reporting period

TL 858,508 was donated and provided as an aid in 01.01.2019 –12.31.2019 period.

Statements issued by our company about special circumstances under the applicable legislation can be found in <https://www.kap.org.tr/>.

6.8 Developments after the report

Dag-08 EOOD, Golden Sun EOOD, and Energinia Kompania Bonev EOOD, its subsidiary, which were among the subsidiaries of the Group, were sold in the first quarter of 2020. The sale price of Dag-08 EOOD and Golden Sun EOOD and the amount of receivables from those companies were collected as at the date of the report and the sale price of Energinia Kompania Bonev EOOD and the amount of receivables from the company were deposited in a joint account and registration of assignment of shares has yet to be completed. The parties which have taken over the shares have no relationship with the Group.

An application was lodged with the Capital Market Board, seeking its approval for a form for a proposal to collect 6,253,133.50 shares except for those held by Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A., a subsidiary of Anel Elektrik Proje Taahhüt A.Ş., at TL 1.39 in accordance with the provisions of the Communiqué on Proposals for Buying Shares numbered (II-26.1) through a mandatory call.

PART VII - DIVIDEND DISTRIBUTION POLICY and PROPOSAL FOR DISTRIBUTION OF INCOME FOR 2018

The Dividend Distribution Policy of Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. has been formulated in accordance with the provisions of the Turkish Commercial Code and articles of the Capital Market Legislation and other applicable legislation and our Articles of Incorporation concerning distribution of earnings and in line with ANEL's medium and long-term strategies and investment and financial plans and taking account of the state of the national economy and the sector while paying attention to the balance between shareholder expectations and ANEL's needs.

In distribution of earnings, a balanced and coherent policy is pursued in terms of the interests of shareholders and the company in line with the Corporate Governance Principles and the amount of earnings to be distributed is determined by taking account of our long-term company strategy, investment and financing policies, profitability, and cash situation. As a matter of principle and taking account of the factors specified above, if ANEL's Board of Directors is to decide on distribution of earnings, minimum 20% of the distributable period earning calculated in accordance with the Capital Market Regulations and other applicable legislation may be distributed in the form of cash and/or bonus shares.

While it has been decided to distribute dividends equally for all shares as soon as possible irrespective of the dates of issuance and acquisition, they will be distributed to the shareholders on the date set at a shareholders meeting following its approval within statutory periods fixed. The shareholders or the Board of Directors may decide to distribute dividends in installments in accordance with capital market regulations. It is not a policy of ANEL to distribute dividends in advance.

Shareholders may decide to transfer the net profit or any part of it to excess reserve fund. If ANEL's Board of Directors recommends not to distribute earnings at a shareholders meeting, the shareholders will be informed about its reasons and how the undistributed earnings will be used. Similarly, the same information will be made public through the annual report and the website.

The dividend distribution policy will be submitted for approval at a shareholders meeting. The policy is annually reviewed by the Board of Directors if there has been any adverse change in the national and global economy and depending on the state of current projects and funds. Any revision to the policy will be submitted for approval at the first shareholders meeting after the revision and made public on the website.

A motion that the company's board of directors decided to propose by virtue of its decision numbered 27 and dated August 23, 2019 for "transferring the period profit resulting from its operations in 2018 as shown in its consolidated financial statements for 01.01.2019 - 12.31.2019 less statutory deductions, taxes, and fund levies which are required to be set aside pursuant the law and articles of association to excess reserves" was submitted for approval and unanimously passed at a regular shareholders meeting held on September 19, 2019 for 2018 accounting period.

PART VIII - STRATEGIC GOALS

Our company has been taking steps in the interest of our future based on its commitment to add value to our world, society, and our business partners since 1986. Goals and critical performance indicators, which are parallel with that commitment and the company's objective for existence, are established within the scope of annual strategy plans. Those goals and critical performance indicators are approved by the Board of Directors at budget meetings held at the end of the preceding year. At its regular meetings, the Board of Directors reviews the results of operations by comparing them with the performance and target indicators of the preceding year.

PART VI - STATEMENT OF INDEPENDENCE BY THE INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

Statement of Independence

I hereby state that I intend to serve as an "Independent Member" of the Board of Directors of Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. (Company) based on criteria laid down in the Corporate Governance Principles of the Capital Markets Board specified in the Communique on Corporate Governance (II-17.1), which was issued by the Capital Markets Board and promulgated in the 28871st issue of the Official Gazette on January 3, 2014 and the applicable legislation and the articles of incorporation. In that context, I hereby covenant that:

- a) There was no employment relationship with the Company and partnerships in which the company has management control as defined in Turkey Financial Reporting Standards 10 or has significant influence under Turkey Accounting Standards 28 and shareholders who control the company's management or have significant influence over the company and legal entities where such shareholders hold management control and myself, my spouse, and relatives by blood or marriage up to the second degree which involves employment at managerial position and that I did not own more than 5% of the capital or voting rights or privileged shares or had a material business relationship in the past five years,
- b) I did not assume key positions and responsibilities as an executive or acquired an interest (5% or more) and/or served as a member of the board of directors within any company from which the company purchased a significant amount of services or products, including the company's audit (including tax audit, statutory audit, and internal audit), rating, and consultancy under agreements concluded in the past five years,
- c) I have professional education, knowledge, and experience required for performing my duties in my capacity as an independent member of the Board of Directors,
- ç) I have not worked / will not work for any public agency or institution on full time basis currently /after my election as a member except for working as a lecturer in a university provided that it is consistent with the applicable legislation,
- d) I am a resident of Turkey pursuant to the Income Tax Law numbered 193 and dated December 31, 1960,
- e) I have strong ethical standards, professional reputation, and experience for making positive contributions to the Company's operations and maintaining my impartiality regarding any conflict of interest between the company and shareholders and freely making decisions by taking account of the rights of stakeholders,
- f) I will spare time for performing representational functions on behalf of the company, which the Board of Directors may assign to me, as well as the company's affairs so that I will be able to monitor the company's operations and fully discharge the tasks that I have undertaken,
- g) I have not served as a member of the company's Board of Directors for more than six years in the past ten years,
- ğ) I have not served as an independent board member in more than three companies controlled by the company or its controlling shareholders or more than five companies listed in the stock exchange.

I hereby inform the Board of Directors, shareholders, and all stakeholders.