

Anel Elektrik Proje Taahhüt ve Ticaret A.Ş

Corporate Governance Principles Compliance Report of The Year 2016

Corporate Governance Principles Compliance Statement

Our company aims that corporate governance is made dominant over the company management with all of its components and thus value is provided to the company partners, employees, stakeholders, environment and society.

Based upon this understanding, we aim to provide maximum benefit both to our Company and shareholders with regard to the relations with the shareholders in line with our transparency, reliability, accountability and honesty principles.

The particulars regarding the (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.) numbered principles that the management of our Company is liable to implement in accordance with the Corporate Governance Principles issued by the Capital Market Board are included in this report.

Our Company complied with "Corporate Governance Principles" made widely known by the Capital Market Board in 01.01.2016 - 31.12.2016 activity period, except for some principles specified below. There is no conflict of interest arising from cases summarized below and that are not implemented.

■ 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".

■ There is no written compensation policy, which should be established in accordance with 3.1.2 numbered article of the "Corporate Governance Principles" of our Company, available for the employees. 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 was specified with 3.1.4 numbered article of the "Corporate Governance Principles", since the members of the committee and all means of communication used by the corporation are disclosed.

■ In the Articles of Association of the Company, there is no provision restricting transfer of B Group shares. However, there are some conditions with regard to transfer of A Group shares.

■ A Group shareholders were accorded some preferential rights. One of them is; that the whole of members of the Board of Directors, except for its independent members, are selected among A Group shareholders or candidates that they slate, another one is about voting right, during voting of the General Assembly A Group shareholder has (2) voting rights and B Group shareholder has (1) voting right.

Section I - Shareholders

2.Shareholder Relations Unit

Within our Company, there is Investor Relations Department carrying on business from the day we went public. Cem Özgen, Director of Financial Affairs and Finance, and the Department carrying on business under the Corporate Governance Committee submit the information with regard to the activities, which they performed under duty titles in the Corporate Governance Notification, to the Corporate Governance Committee in the meetings held within the year. The relevant information is also communicated to the Board of Directors through minutes of committee resolutions.

The information about the Investor Relations Department is given below.

Semra ÇAĞLAR Investor Relations Manager

She has SPF Advanced Level License and Corporate Governance Rating Expertise License.

Zeynep Yıldırım Arslan Senior Accountant

She does not have any license.

Telephone: +90 216 636 22 53

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

Address: Anel İş Merkezi, Saray Mahallesi,
Site Yolu Sokak 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's shareholders with regard to the partnership

c) To prepare documents that should be submitted for information and investigation 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 intrapartnership 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 posed to the Investor Relations department are answered in accordance with Anel Information Policy.

3. Exercising Shareholders' Rights to Obtain Information

The information provided for the website in the Corporate Governance Principles were submitted for use of the shareholders in Turkish and English on our website, so that the shareholders can reach the information about our Company easily. Updating and monitoring the website are under the responsibility of the Investor Relations Department.

The verbal and written questions posed to the Investor Relations Department were answered as soon as possible, without making any distinction within the scope of equality principle and the scope of information disclosed to the public, provided that it is not an information having characteristics of business secret or not being already disclosed to the public.

In the articles of association of our Company, there is no a regulation with regard to the regulating the request for the appointment of special auditor stated in the Corporate Governance Principles. No appointment of special auditor was made within the year.

4. General Assembly Information

In 2016 Ordinary Meeting of General Assembly, realized on 13.05.2016 with quorum of 58.11% and with the attendance of a total of 61,099,780.15 shares corresponding to 22.188.841 Group A shares by procuracy and 38,910,939.15 Group B shares in capital, of which 3,665,104 were in person, 35,245,835,15 were

by procuracy and 2,825,492 were electronical. In total, there are 110,000,000 shares which sum up to the capital of the company as TL 110,000,000. Apart from that, no General Assembly meeting was held within the year. The announcements of our ordinary meeting of General Assembly were made before the General Assembly date in 20.04.2016 dated Turkish Trade Registry Gazette and on 20.04.2016 in Ortadoğu and Hürses newspapers, which are published throughout Turkey, in Public Disclosure Platform, on Central Registry Agency's Electronic General Assembly System and on our website, and the press did not participate in our meeting.

It was paid attention that the General Assembly announcements were made early and through various channels to facilitate the participation of the shareholders in the General Assembly and to avoid inequality among shareholders. Prior to the General Assembly, the annual activity report and financial statements were kept available in registered office for the shareholders. In addition, this whole information was published on our Company website along with General Assembly Announcement and agenda items.

While preparing the General Assembly agenda, it is paid attention that every offer is given under a different title and that the agenda titles are expressed clearly and in a manner that they will not cause different interpretations. It is taken care that expressions such as "other", "miscellaneous" are not used within the agenda and the information to be given prior to the General Assembly meeting is given by referring to the related agenda items.

Chairman of the meeting obtains the necessary information and makes preliminary preparation regarding the execution of the general assembly pursuant to Turkish Commercial Law, the Law and the relevant legislation.

At the General Assembly meeting, by conveying the topics taking part in the agenda with a clear and understandable method in a neutral and detailed manner, the opportunity of expressing their thoughts and asking questions under equal conditions was given to the shareholders and the questions addressed at the meeting were answered by the administrators of our company. On the other hand, Shareholders didn't put forth another agenda.

There is no demand conveyed in writing by shareholders of the partnership to the Investor Relations Department concerning adding items to the agenda. If any demand comes before the General Assembly announcement, it shall be considered.

Company's total capital of TL 110,000,000 has been divided into 110,000,000 shares, 22,188,841 pieces of which are registered shares and 87,811,549 pieces of which are bearer shares. 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 shareholders were accorded some preferential rights. Among those present at the ordinary and extraordinary general assembly, A Group shareholders or their deputies have (2) voting rights and B Group shareholders and their deputies have (1) voting right.

General Assembly shall be briefed if there is any transaction carried out with reference to the leave 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.

Regarding the agenda items of high concern, it was ensured that Board Members, other related people, authorized people who are responsible for the preparation of financial statements and auditors will be ready at the general assembly meeting in order to provide necessary information and to respond to questions.

A policy with regard to Donation and Aid was established by our Company, published in the Public Disclosure Platform and notified to our investors and public; and the approval of the General Assembly was received. General Assembly was informed on the amount of the donation and aid granted to associations and foundations, which are beneficial for the public, with a separate agenda within the year.

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

There has been no amendment in Articles of Association in 2016.

According to Public Disclosure Platform's announcement published on 26 January 2017; provided that the necessary permissions are taken from CMB and that our General Assembly approves; Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. (Anel Telekom), which is among our Anel Group companies that we possess 24.68% of its capital and 22.13% of the total vote rights, both companies which are parties of the operation forming the subject of this Board of Directors Decision hereby with 18th, 19th and 20th articles of the Corporate Tax Law (CTL) numbered 5520, 134th and the continued related articles of the Turkish Commercial Code (TCC) No. 6102 are liable to Capital Markets Law (CML) No. 6362 and their shares were offered to public and are transacted in Borsa İstanbul A.Ş. (Stock Market), within the compass of CMB's 23th and 24th articles and related other provisions, Capital Markets Board's (CMB) "Merging and

Division Notification" (II-23.2) entered into force by being published in the Official Gazette dated 28 December 2013 and numbered 28865; and CMB's "Common Principles Regarding Operations Qualified as Important and Right to Leave Notice" (II-23.1) entered into force by being published in the Official Gazette dated 24 December 2013 and numbered 28861 and other related legislation provisions, by means of "taking over" all the assets and liabilities in whole by Our Company. It was decided to start merger meetings for merging within the structure of Our Company ("Merging Operation").

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.

The meetings of the general assembly and quorum in this meeting are subject to Turkish Commercial Code provisions. The shares of our company were 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's articles of association and accepted by the General Assembly. The date and type of distribution of dividends were decided by the General Assembly upon the suggestion of the Board of Directors pursuant to the Capital Market Legislation.

Our dividend right policy is disclosed in the annual report and on Company's website.

Dividend policy contains minimum information with an explicitness that will enable shareholders to foresee 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 is followed among the interests of the shareholders and the interests of the partnership.

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

Although a loss was made as a result of our activities in 2015, as was shown in our financial statements concerning the period of 01.01.2015 – 31.12.2015 prepared within the frame of Tax Procedure Law as of the end of the Company's accounting year in 2015, the gross 10% profit of TL 1,482,289.80 over the profit of TL 14,822,898 in our consolidated statements was distributed to our partners with the approval of the general assembly, by taking into consideration our dividend policy.

7. Transfer of Shares

In the articles of association of our Company, there is information as regards Bearer shares may be transferred freely in accordance with the legislation provisions, but in the transfer of Registered shares, the transfer process of Registered shares will be completed after the transfer request, made in written, is deemed appropriate by the Board of Directors and registered in stock ledger.

Section II Public Disclosure and Transparency

8. Information Policy

The Information Policy established within the Corporate Governance Principles published by the Capital Market Board aims that all shareholders and stakeholders of our Company are informed completely, on time and with accurate information. The information to be disclosed within this scope is not considered a business secret. The information policy is published on the Company website.

Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi ("Anel") uses the means, being within the scope of "Information Policy", in explanations that are compulsory to be made within the scope of the Capital Market Legislation and other relevant legislations. The purpose of Anel Information Policy is to provide the explanations to be disclosed to the public in line with the regulations, to which the Company is subject, to be communicated to all stakeholders including the shareholders, investors, employees and customers, fairly, truthfully, on time, comprehensibly, synchronously, actively and transparently and in an easily accessible way.

9. Corporate Website and Its Content

The website of the company has been established for the purpose of informing the shareholders, stakeholders and all public clearly, transparently and synchronously, and its address is www.anel.com.tr. The Company's website contains Capital Market Board Corporate Governance Principles Notification and Capital Market Board's resolutions and announcements that guide implementation of the Principles and the information deemed necessary and continuous updates are made. Furthermore, the information on the website can also be read in English. The website of the Company contains the points specified in the corporate governance principles.

Besides, the activities carried out by our company within the scope of corporate social responsibility principle are also included in our website.

10. Activity Report

The activity reports of our Company are prepared in accordance with criteria specified in the Turkish Commercial Code, Ministry Regulations and Corporate Governance Principles published by Capital Markets Board in order to provide public with complete and correct information about our Company.

Section III - Stakeholders

11. Informing the Stakeholders

Having a direct relation with our Company and having sway on the company's activities and reaching the targets are our shareholders, investors, suppliers, customers, employees and other stakeholders in the society.

As Anel, one of our aims is to take the management decisions fairly, transparently and in an accountable way, and to fulfill our responsibility towards all of these groups within this scope ideally.

A mutual understanding in respect of rights, duties and liabilities of the personnel shall be ensured with the agreement concluded between the company and the employee at the beginning of the employment.

Human Resources applications were specified with regulations. In case of updating, the concerned people shall be informed.

Compensation provisions to be implemented for employees shall be applied with the form as regulated within the scope of the labor law in effect.

Our Company has been protecting the rights of our personnel with agreements and regulations. In the event of violation of the protected rights, labor law provisions shall be applied.

The shareholders, investors and analysts may reach financial reports, activity reports and other information about the Company from our Company website.

In addition to this, they may also reach the Investor Relations Department through telephone or through investor.relations@anel.com.tr.

Human Resources Department devises necessary mechanisms for stakeholders to be informed of any illegal or unethical actions in the Company.

Employees are informed at various events through meeting, or via the Company's Intranet system. Some important announcements, however, are emailed directly to all employees. Necessary steps are taken to ensure a two-way communication between our management and employees.

12. Participation of the Stakeholders in Management

Every year, it is ensured that the employees will have a say in the determination of the company's strategies and therefore its objectives via strategy determination poll. Poll results are shared with the participants by being analyzed by Management Systems Department. For employee satisfaction, HR processes for employee satisfaction are renewed by addressing to opinions of the employees as well. Training and Performance Management processes are managed by committees formed by our employees from different departments.

Thanks to our shared decision making culture; our employees use their decision-making right in the processes that will affect themselves. Particularly, in order to make our HR and internal communication processes able to respond to customer (employee) expectations and with the thought that partnering with the customer (employee) via decisions will lead to the correct result, our processes shall be managed with our employees by means of polls and workshops.

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 achieving company's goals and strategies, expanding its corporate capabilities and creating value.

We primarily aim to add new qualified workforce who recognize Anel's values, who would carry us to the future. The base of the Human Resources policy would be supporting our employees' development, creating the opportunities that unleash the employees' potential and encouraging the contributions and the successes they bring to the company.

The recruitment process of our Company is determined with written criteria. Additionally, career planning of the employee is prepared when the employee starts his/her job and we aim to provide equal opportunities for people who possess equal conditions. Planning and competence level are assessed at every year's end.

The company organizes training sessions contributing directly to our corporate success for taking employees' personal and professional development a step further.

Gökçe Babayiğit, Gülay Savaşan and Murat Akcan are appointed as employee's representatives who are in charge of maintaining relationship with employees and of informing employees about Company decisions or recent developments that might concern them. In addition, the representatives exchange ideas with employees about the status of the Company, training, career and health.

Job descriptions and distributions as well as performance and other criteria for employees are well defined with internal company regulations. These documents are accessible to all employees in the portal.

360-degree performance evaluation is completed once a year depending on the competencies required for the position and the determined targets. The company aims to remunerate the employees based on their responsibilities and the value they add to the organization.

All employees are treated equally without any discrimination based on ethnicity, language, religion, race or gender regarding Training & Development, Performance Management, Career Management, Remuneration and other Human Resources processes. There has been no employee complaint regarding this issue during the year.

Collective agreement application is not available in Anel Elektrik. We provide all rights and benefits to our employees within the scope of Labor Law. Thanks to our shared decision making culture, our employees use their decision-making right in the processes that will affect themselves.

14. Relations with Customers and Suppliers

Company takes all kinds of measures that will provide customer satisfaction in the operations it performed.

Requests of the customers are met in accordance with the agreement terms and the customers are informed about any delay without waiting until the deadline.

Quality standards are abided by in the works done and keeping up with standards are heeded. With this intent, negotiating for agreement terms shall ensure guarantee.

Confidential information concerning the customer and the supplier shall be kept secret.

15. Ethical Code of Conduct and Social Responsibility

Executive Board developed ethical code of conduct for the company and its employees, and the code is disclosed to the public via the company website.

The principles mentioned in the Ethical Code of Conduct form the basis of our corporate culture.

Due the importance Anel has attached to sustainability; Anel Group has signed United Nations (UN) Global Compact in 2013. By implementing 10 principles mentioned in Global Compact in its applications and strategies, Anel continues its operations by seeking for continuous improvement.

Çelikel Education Foundation, founded in 2007, intends to contribute to the development of our country based upon the human rights, where the majority of people have self-confidence as well as know their limits and have international success. With this purpose, it develops and applies programs for increasing the quality of the trainings in order to contribute for raising people who know themselves, are able to evaluate on moral grounds, creative about valuable purposes and responsible.

As before, in 2016, Anel Elektrik continued to support the programs conducted by Çelikel Education Foundation. Our activities about social responsibility are mentioned on the Company's website and in the annual report.

Section IV - Executive Board

16. Executive Board's Structure and Constitution and Independent Membership

Board of Directors, with the strategic decisions it will take, shall manage and represent the company by firstly looking after company's long-term profits with rational and cautious risk management understanding by keeping company's risk, growth and income balances at the optimum level.

Board of Directors describes company's strategic goals, determines the labor work and the financial resources that the company will need and controls the performance of the management.

Operations and administration of our company shall be executed by the Board of Directors composed of 7 members elected by the General Assembly. 3 members among the members taking part in the Board of Directors shall be in executive team while the remaining 4 members are composed of non-executive members. With three female members taking part in our Board of Directors, as our Board of Directors possesses a female member ratio of 42.86%, it is above the target level indicated in the Corporate Management Principles. The Board of Directors have 2 independent Board Members pursuant to the article 6 of the Corporate Management Notice. Each independent member has a written statement with respect to their independent nature.

Full Name	Position / Title
Rıdvan ÇELİKEL (Representing Anel Holding A.Ş.)	Chairman - (Executive)
Avniye Mukaddes ÇELİKEL	Vice Chairman - (Executive)
Ahmet Bülent BATUKAN	Member - (Non-Executive)
Mahir Kerem ÇELİKEL	Member - (Executive)
Merve Şirin ÇELİKEL TOMBULOĞLU	Member - (Non-Executive)
Neslihan TONBUL	Independent Member
Prof. Dr. Ahmet Münir EKONOMİ	Independent Member

Rıdvan ÇELİKEL (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 and Vice Chairman of the Board at ETMD, the Electrical Installation Engineers Association.

Avniye Mukaddes ÇELİKEL 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 ÇELİKEL 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 ÇELİKEL TOMBULOĞLU Board Member

Merve Şirin Çelikel Tombuloğlu received her bachelor's degree in Electrical & Electronical Engineering from Technische Universitaet Berlin 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

Board members were selected on 13 May 2016 in a General Assembly meeting to serve for 3 years.

Board members are selected from our General Assembly among shareholders of group A and the candidates they select, as stated in our Articles of Association.

Except for our Independent Board Members, other Board Members may serve as Board Member in Anel Group's other companies.

With the purpose that our Board Members will be able to take charge in the other group companies affiliated with our Company, it was decreed at our Company's annual ordinary General Assembly Meeting that they shall not be subject to prohibitions and constraints set out in 395th and 396th articles of the Turkish Commercial Code No. 6102. Within this framework, Board Members shall not be subject to any limitations regarding taking other duties outside the Company in the period decreed by General Assembly.

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. He currently serves as Board Member in Anel Group companies.

Prof. Dr. Ahmet Münir EKONOMİ Independent Board Member

After graduating from Istanbul University Faculty of Law in 1955, Ahmet Münir Ekonomi received his Ph.D. from Munich University's Faculty of Law. Ekonomi started his academic career as Labor Law Assistant at Istanbul Technical University, and later he was appointed as Assistant Professor and Professor. He taught Labor Law at Istanbul University and Galatasaray University's Faculty of Engineering and Technology. In addition to Anel Group, Ekonomi serves as a consultant for Akbank, Eczacıbaşı Holding, Türk Ekonomi Bankası, Türk Telekom, PharmaVision Holding, Japon Tütün Ürünleri Pazarlama (JTI) and Unilever Holding. Formerly a Member of the Board at the Yaşar Educational and Cultural Foundation, he 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 Archeology Museum Society. Ekonomi currently holds the position of Independent Board Member at Anel Elektrik. He meets all the requirements defined in the Corporate Governance Principles set out by the Capital Markets Board and is not affiliated with Anel Elektrik or its subsidiaries.

Neslihan TONBUL Independent Board Member

Beginning her career in 1983 at the Irving Trust Company (now The Bank of New York Mellon), she is specialized in marketing, risk management and new business development. She was assigned as Board Member in Yaşar Holding in 2009. Afterwards she served as Board Member at Prysmian Kablo and Consultant at New Zealand Trade and Enterprise. She received her bachelor's degree in Economics and Political Science from Rutgers University and her master's degree in International Relations from the Fletcher School of Law and Diplomacy at Tufts University. Neslihan Tonbul is also an active member of various NGOs including ARIT (American Research Institute in Turkey), Istanbul Regional Administration of YPO (Young Presidents Organization), and member of Board of Trustees of TGEV (Educational Volunteers Foundation of Turkey). She is also the Founder of Turkish American Business Forum and a member of International Consultative Board of FSTC. (Foundation for Science, Technology and Civilization) based in United Kingdom. She has served as Independent Board Member at Anel Elektrik since December 2015 and she is also member of Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee. She is not affiliated with Anel Elektrik or its subsidiaries.

Board Member	Other Duties
Rıdvan ÇELİKEL	Chairman of the Board of Anel Group Companies and Member of Managers Committee
Avniye Mukaddes ÇELİKEL	Vice Chairman of the Board of Anel Group Companies and Member of Managers Committee
Merve Şirin ÇELİKEL TOMBULOĞLU	Board Member of Anel Group Companies
Ahmet Bülent BATUKAN	Board Member of Anel Group Companies
Mahir Kerem ÇELİKEL	Board Member of Anel Group Companies
Prof. Dr. Ahmet Münir EKONOMİ	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.
Neslihan TONBUL	Consultant at Cambrige Family Enterprise Group. Board Member of Turcas Petrol A.Ş. Consultant at New Zealand Trade and Enterprise.

17. Operating Principles of the Board of Directors

The Executive Board meets as often as the company's business requires, as stated in our Articles of Association. Meeting invitations are sent by email or Board members are contacted by phone. Meeting agenda is determined in line with the request of the suggesting Board member, in consultation with the Chairman.

In 2016, Board Member participation rate in the 25 meetings was 99%.

There is no opposing view registered in the Board minutes, as all Board decisions are taken by a majority vote. In case of an opposing view, all necessary points regarding such views shall be registered in the Board minutes.

Board of Directors plays a leading role in ensuring communication between the company and shareholders, settling and resolving the possible disputes, and be in close cooperation with Corporate Management Committee and Investor Relations Department for this purpose.

Board of Directors revises risk management and internal control systems' efficiency at least once in a year. Information regarding operation and efficiency of the internal control system shall be presented in the activity report.

Authorizations of the Directors who have signing authority were clearly separated and this separation was set up in the circular of signature in written form. Nobody in the company is solely vested with the authorization to take limitless decision.

Board of Directors meeting is held by attendance of at least one more than the half of its members. Our Board of

Directors shall convene within the frame of the principles indicated in Turkish Commercial Code and in Articles of Association and take decisions with the majority of the participants.

The members are very attentive to participate in the meetings held within the activity year and express their opinions. Opinions of members who did not participate in the meeting but submit their opinions in writing are shared with other members during the meeting.

Board decisions and resolutions on all related parties actions are taken by a majority vote of independent members in accordance with Corporate Governance Principles. No members voted against the Board decisions at the meetings held during this reporting period.

In case of tie and/or veto power, additional vote right is not granted to Board Members. Every board member, including the Chairman, has only one vote and no member has been granted predominant vote.

Board Members and senior managers are insured with a policy worth \$25 million dollars in case of the damages they may inflict on the company while performing their duties.

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

Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee as well as the Nomination and Remuneration Committee reporting to the Corporate Governance Committee continued their activities in 2016. Information about their operations and working principles have been disclosed to the public on the company's website.

Audit Committee meetings are held six times in a year, Corporate Governance Committee twice a year and Early Detection of Risk Committee four times a year. The minutes of the Committee meetings are submitted to Executive Board.

Board of Directors shall provide all kinds of resource and support required for committees to fulfill their duties. Committees are allowed to consult and invite the people whom they find necessary to their reunions.

Committees benefit from independent expert opinions about the subjects they need with respect to their activities. The company shall pay for the consulting services that committees need. However, information about the service provider as a person / institution and information on whether this person / institution has a relationship with the company or not shall be presented in the activity report.

Corporate Governance Committee	Full Name	Position
Chairman	Prof. Dr. Ahmet Münir EKONOMİ	Independent Member
Member	Neslihan TONBUL	Independent Member
Member	Semra ÇAĞLAR	Executive

Audit Committee	Full Name	Position
Chairman	Prof. Dr. Ahmet Münir EKONOMİ	Independent Member
Member	Neslihan TONBUL	Independent Member

Early Detection of Risk Committee	Full Name	Position
Chairman	Prof. Dr. Ahmet Münir EKONOMİ	Independent Member
Member	Neslihan TONBUL	Independent Member

Procedures that committees formed under the Executive Board follow when performing their duties are available on the company's website.

18.1. Audit Committee

Audit Committee members are composed of two independent members of our Board of Directors, H.E. Prof. Dr. Ahmet Münir Ekonomi performs duty as Committee Chairman and H.E. Neslihan Tonbul 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 institution, initiation of the independent audit period by drawing up the independent audit contracts and monitoring independent audit institution's works at every phrase shall be carried out under the supervision of audit committee. The independent audit institution from which the company will receive service and the services from these institutions shall be specified by audit committee and offered to Board of Directors' approval.

Criteria and methods to be applied on the subjects of examining and concluding of the complaints reached the company with regard to company's accounting and internal control systems and independent audit, evaluation within the framework of confidentiality principle of the notices concerning company's accounting and independent auditing, made by company employees shall be determined by the audit committee.

Audit committee shall notify in writing the Board of Directors, with its own evaluations by taking opinions of the company's responsible directors and the independent auditors about the evaluations 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

At the Corporate Management Committee, our Board of Directors' Independent Member H.E. Prof. Dr. Ahmet Münir Ekonomi performs duty as Committee Chairman, our Board of Directors' Independent Member H.E. Neslihan Tonbul as Committee Member and our Company's Investor Relations Manager H.E. Semra Çağlar as Committee Member.

The Committee detects whether corporate management principles are applied in the company, if not, the reason of this and interest conflicts occurred because of not completely complying with these principles and gives advices that will improve corporate management applications to Board of Directors and supervises Investor Relations Department's works. Nomination Committee and Remuneration Committee activities shall be maintained under Corporate Management Committee.

18.3. Early Detection of Risk Committee

Early Detection of Risk Committee members are composed of two independent members of our Board of Directors, H.E. Prof. Dr. Ahmet Münir Ekonomi who performs duty as Committee Chairman and H.E. Neslihan Tonbul 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 to the limitation of 2 Independent Board of Members in our Board of Directors, our Independent Board Members shall take charge in more than one committee.

19. Risk Management and Internal Control Mechanisms

Internal control and risk management mechanisms were established to assess the company's current and potential risks, as well as to take necessary preventive measures. These mechanisms were approved by the Board of Directors and put into practice.

According to Internal Audit Code approved by Board of Directors, the aim of internal audit is to monitor, develop, and improve every operation of the company as well as to serve as independent consultant and to offer impartial assurance in order to add value to the group. General Management assists in delivering the goals of the Company by developing systematic approaches for the assessment and the improvement of the efficiency and effectiveness of Risk Management, Internal Control and Management processes.

Scope of the Internal Audit Activity is as follows:

1. The scope of audit includes all operations and activities of the company.

2. Audit Group is responsible for assessing the compliance of the Risk Management, Internal Control and Management Processes with the guidelines set by Board of Directors, and determining if the processes function as intended. For this purpose, Audit Group performs the following tasks:

- Defining all financial and operational risks that may have a negative impact on the company's operations correctly and effectively managing these risks,
- Establishing effective communication with relevant departments and branches on matters within the scope of the audit,
- Keeping important financial, managerial and operational information for company's operations accurate, reliable and up-to-date,
- Ensuring that all employee operations comply with Company policies, procedures and principles, ethical code of conduct, standards as well as relevant legal regulations and law,
- Ensuring efficiency on procurement of all company's resources and their use,
- Developing quality and stepping up effort on the internal controlling processes constantly,
- Monitoring that the regulations and legal issues that affect company's operations are communicated to related departments and branches,
- Reviewing and evaluating critical audit results about managerial control, efficiency and corporate identity issues with relevant senior management.

20. Strategic Goals of the Company

Since 1986, our Company has endeavored to protect our future by acting with awareness for adding value to the planet, to the society and to the institutions and companies it serves. The goals and critical performance indicators which are in line with the company's vision and mission statements created with this perspective are defined in annual strategy plans. Board of Directors review and approve the company's goals and critical performance indicators during the year-end budget meetings. Board of Directors review the operating results in comparison with last year's performance and target indicators in ordinary meetings.

21. Financial Rights

Remuneration of Board Members and Senior Managers is done according to "Principles for Remuneration of Board Members and Senior Managers," which was approved by the Board of Directors in 2012. These principles intend to plan, implement and manage the remuneration practices in compliance with the company's activity scope and structure, long-term targets and strategies, ethical values and internal harmony as well as the relevant law. These principles are available on the company website.

During the ordinary General Assembly Meeting on 13 May 2016, the executive allowances for Board Members were discussed in the agenda, and the discussion led to a Board decision.

In accordance with Corporate Governance Principles, all remunerations and all other benefits granted to Board Members and senior managers are disclosed to the public via the company's annual report.

For remuneration of the Independent Board Members; profit share, share options or payment plans based on company's performance shall not be used. They receive monthly executive allowances at the amount and in the period determined by the General Assembly for all Board Members. These payments are at a level that they will not affect independence of the Board Members and they shall not be determined on grounds of the performance of the company.

Payments made to company senior executives are composed of monthly salaries. Salaries to be given to senior executives will be specified by considering title and job specification, merit, experience, performance and Company's financial status.

In 2016, while remuneration and executive allowance of TL 484,473.88 in total were paid to Board Members, the remuneration and all other benefits provided to our senior executives who are at the managerial level were TL 1,982,900.52 in the same period.

The Company did not issue loans or lines of credit to any Board Member, did not extend the terms of loans or credits via a third person, and did not give any guarantees such as sureties in their favor this year.

Declaration of Responsibility

DATE OF THE BOARD RESOLUTION ON APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORTS: 05.06.2017
RESOLUTION NUMBER: 14

COMPANY'S DECLARATION OF RESPONSIBILITY PURSUANT TO ARTICLE 9TH OF PART TWO OF THE CAPITAL MARKET BOARD'S COMMUNIQUÉ REGARDING " THE RULES RELATED TO FINANCIAL REPORTING IN CAPITAL MARKET "

a) We have examined the statement of financial position drawn up as of 31 December 2016 as well as the income statement for the accounting period ending on this day and annual report for this period, of Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi ("the Company").

b) Based on the information we possess pursuant to our duties and responsibilities within the Company, the financial statements and the annual report do not have any misstatements in material aspects or any omissions that may be construed as misleading as of the date of declaration,

c) Based on the information we possess pursuant to our duties and responsibilities within the Company, the financial statements, together with those included in consolidation, were prepared pursuant to the Communiqué and fairly reflect the facts regarding the Company's assets, liabilities, financial situation and profit/loss; and the financial statements of the company, together with those included in consolidation, significant risks and uncertainties being exposed.

Sincerely,



A. Mukaddes ÇELİKEL
Vice Chairman



Cem ÖZŞEN
Director of Financial
Affairs and Finance