

ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET A.Ş

Corporate Governance Principles Compliance Report of The Year 2017

1. Corporate Governance Principles Compliance Statement

Our company aims that corporate governance prevails over the company management with all of its aspects and thus, value is provided to the company partners, employees, stakeholders, environment and community.

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. In the activity period between 01.01.2017 - 31.12.2017 of our Company, the above principles enforced to be applied are implemented in Anel Elektrik and since most of the principles that are not mandatory to be applied are aspects that coincides with the prudent management philosophy that has been settled within the years at Anel, as stated above, these have been widely adopted and implemented by Anel Elektrik as well.

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

- In accordance with article 4.2.6 of the "Corporate Governance Principles"; our Company Chairman Anel Holding A.Ş. and is represented by Rıdvan Çelikel. Rıdvan Çelikel acts as the head of execution personally.
- In the Company's Articles of Association, no regulation was made within the scope of dissenters' rights in accordance with 1.5.2 numbered article of "Corporate Governance Principles". Legislation in force shall apply in this matter.
- There is no obstacle which prevents communicating

the transactions of the Company, being contrary to relevant legislation and being inappropriate in terms of ethical values, by the stakeholders to the Corporate Governance Committee or to the Committee Responsible for the Audit, as specified with article no.3.1.4 of the "Corporate Governance Principles", since the members of the committee and all means of communication used by the corporation are disclosed.

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

SECTION I - SHAREHOLDERS

2. Shareholder Relations Unit

Within our Company, there is an Investor Relations Department operating from the day we went public. Cem Özşen, Director of Financial Affairs and Finance, and the Department operating 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 decisions. The information about the Investor Relations Department are given below.

Semra Çağlar

Investor Relations and Reporting Manager

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

Nazmiye Özge Şentürk

Investor Relations and Reporting Specialist

She does not possess any license.

Phone : +90 216 636 22 53

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

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

Main duties that the department carries out are as follows:

- a) To keep the correspondences made between the investors and the partnership and the records with regard to other information and documents well, secure and up-to-date.
- b) To respond to written information requests of the partnership shareholders with regard to the partnership
- c) To prepare documents that should be submitted for information and review of the shareholders with regard to the meeting of the General Assembly and to take precautions that will ensure the meeting of the General Assembly to be held in accordance with the relevant legislation, articles of association and other intra-partnership regulations
- d) To observe and follow that the obligations arising from the capital market legislation are fulfilled, including all issues with regard to the corporate governance and public disclosures.

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

3. Exercising Shareholders' Rights to Obtain Information

In order for the shareholders to access information about our Company easily, within the Corporate Governance Principles, the information provided for the website has been made available to shareholders under the title of Investor Relations in our Company website. Updating and monitoring the information in internet environment are under the responsibility of the Investor Relations Department. The verbal and written questions directed to the Investor Relations Department are answered in the shortest notice, without making any distinction within the

scope of equality principle, provided that it is not an information having characteristics of business secret or not being already disclosed to the public.

There is no regulation in the articles of association of our Company regarding the regulating the request for the appointment of special auditor stated in the Corporate Governance Principles and legislation in force shall apply in this matter. No appointment of a special auditor was made within the year.

4. General Assembly Information

In 2017 Ordinary Meeting of General Assembly, realized in the Company headquarters on 24.08.2017 with quorum of 69.71% and with the attendance of a total of 76,679,072 shares corresponding to 22.188.841 Group A shares by procuration and 54.490.231 group B shares in capital, of which 4,409,816 were in person, 36,263,835 were by procuration and 13,816,580 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 Turkish Trade Registry Gazette dated 02.08.2017 and in Ortadoğu and Hürses newspapers dated 29.07.2017 which are published throughout Turkey, in Public Disclosure Platform, on Central Registry Agency's Electronic General Assembly System and on our website; 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 informative document containing detailed explanations of the items on the agenda, power of attorney sample, dividend proposal are notified to the public through the Public Disclosure Platform, in addition, the informative document containing detailed explanations of the items on the agenda, power of attorney sample, dividend proposal, annual reports financial statements and reports are made available in company headquarters, Central Registry Agency's E-General Assembly System and our Company website for the shareholders.

All of the shares representing the issued capital of our Company are bearer shares and all these shares are dematerialized. In this context, invitation to the meeting was announced in compliance to the provisions of law and Articles of Association and so as to contain the power of attorney sample and the agenda in the Turkish Trade Registry Gazette.

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 paid attention 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 agenda items they are related to. 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 an unbiased and detailed manner, the opportunity of expressing their thoughts and to ask questions under equal conditions were given to the shareholders and the questions addressed at the meeting were answered by the executives of our company. On the other hand, no agenda recommendation has been given by the shareholders.

There is no demand conveyed in writing by the 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 87.811.159 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 shares have privileges. Among those present at the Ordinary and Extraordinary General Assemblies, A Group shareholders or their proxies have (2) voting rights and B Group shareholders and their proxies have (1) voting right.

General Assembly shall be briefed if there are any transactions carried out with reference to the permission obtained by the shareholders holding managerial sovereignty, Board Members, senior executives and their spouses and relatives by blood and by marriage up to second degree for performing the duties falling into the subject of company activities within the framework of Turkish Commercial Code's 395th and 396th articles and Capital Markets Board regulations at the General Assembly. Regarding the agenda items of high importance, 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 answer the 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 made 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 2017.

- According to Public Disclosure Platform's announcement published on 26.01.2017; 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 28.12.2013 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 24.12.2013 and numbered 28861 and other related legislation provisions, by means of "taking over" all the assets and liabilities in whole by Our Company, merger meetings were initiated for the merging within the structure of our Company ("Merger Transaction")

- Announcement Draft prepared for the merger process in our company by the "taking over" of Anel Telekomünikasyon Elektronik Sistemleri Sanayi Ve Ticaret A.Ş. to our company as a whole with all its assets and liabilities is submitted to CMB in 15.06.2017 with the request of approval of the Capital Markets Board along with the other documents included in Annex 1 of Notification No. II-23.2.

- Notification No. II-23.2 of Capital Markets Board adjudicate that, where the General Assembly Meeting which the merger will be approved is completed by the end of the eighth month following the end of the accounting period, the most recent annual financial statements are taken as basis for the merger. The Board of Directors has assessed that the General Assembly Meeting to approve the merger process is not available for completion until the end of the eighth month following the end of the financial period and has declared with the Public Disclosure Platform's announcement dated 26.07.2017 it has decided that the 30.06.2017 financial statements to be independently audited within the framework of the related notification's provision stating that "If the General Assembly Meeting is held on a date outside of this period, the interim financial statements shall be based on at least six months' period and shall not be longer than six months between the date of the financial statements and the date of the general assembly meeting" and that the application made to the Capital Markets Board made with the audited financial statements for the six month period, the report of the expert organization to be re-prepared on the basis of the said financial statements and other information and documents to be updated; "Announcement Draft" is submitted for approval of CMB on 29.09.2017 with the approval request along with the other documents within the Capital Markets Board's announcement no. II-23.2 Annex 1.

- Within the letter Capital Markets Board has sent to our Company on 05.12.2017 dated 04.12.2017 and no 29833736- 106.01.01-E.13527, we have informed that according to the first paragraph of article 6 of Merging and Division Notification, in the merging transactions which partnerships open to

public are a party, the financial statements which are regulated in a way the time between the financial statement date and the date of general assembly which the transaction will be approved be no longer than six months and it is necessary to announce the approved announcement text before at least thirty days from the date of general assembly which the merging transaction will be approved as per the second paragraph of the 8th article of the Notification. In its letter dated 04.12.2017, the Capital Markets Board, has stated that it is not possible to finalize our request under current circumstances with the financial statements dated 30.06.2017 which is based on the preparation of the document submitted to review of the Board attached to the merger transaction and application file within the mentioned legislation provisions, and the application made by our Company on 29/09/2017 was cancelled ex officio. On the other hand, within the framework of the related legislation provisions, our Company was reminded that a re-application may be submitted to the Capital Markets Board in a timely manner by preparing the necessary information and documents. Within this framework, our Company has announced with the Public Disclosure Platform's announcement dated 05.12.2017 that it was decided to apply to the Capital Markets Board for the approval of financial statements regarding the end of 2017 financial period and the announcement text regarding the merger transaction with the updated form of necessary information and documents that are requested in the mentioned notification, the issuance certificate for the issuance of shares representing the capital of the Company to be increased due to this transaction and the text of amendment regarding the capital article of the articles of association by the Board of Directors.

5. Voting Rights and Minority Rights

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

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

In the meetings of the General Assembly, the shareholders may have themselves represented by other shareholders or proxy holder appointed extrinsically by them within the scope of regulations of the Capital Market Board with regard to voting by

proxy. The proxy holders, being shareholder of the company, are authorized to cast the votes of the shareholder they represent, in addition to their own votes.

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

6. Dividend Right

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

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

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

As of the end of the Company's 2016 accounting year, in the financial statements concerning the period of 01.01.2016 – 31.12.2016 prepared within the frame of Tax Procedure Law, as a result of our activities in the year 2016, a profit of 18.137.862,50 TL was obtained. Taking into consideration our Dividend Policy, gross profit amounting 11.967.800 TL which is calculated as 20% over 59.839.001 TL profit amount within our 2016 consolidated financial statements was distributed to our shareholders upon the approval of the General Assembly.

7. Transfer of Shares

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

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

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Policy

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

In mandatory disclosures within the context of the Capital Markets Legislation and other relevant legislation; Anel Elektrik Proje Taahhüt ve Ticaret Anonim Şirketi ("Anel"), uses the tools included in the "Information Policy". In accordance with the regulations which the Company is subject to, the aim of the Anel Information Policy, is to provide the communication of the disclosures to all stakeholders including the shareholders, investors, employees and customers in full, fairly, accurately, in a timely manner, comprehensibly, synchronously, actively and transparently and in an easily accessible way.

9. Company Website and Contents

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

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

10. Annual Report

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

SECTION III - STAKEHOLDERS

11. Informing the Stakeholders

Our stakeholders are our shareholders, investors, suppliers, customers, employees, and other

stakeholders in the community who are directly involved with the Company in its activities and in achieving its objectives.

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

Mutual agreement on the rights, duties and obligations of the personnel is provided with the contract signed between the employee and the company.

Human resources applications are determined by regulations. In the event they are updated, related persons are informed.

The compensation provisions to be applied to employees are applied in the manner prescribed by the applicable labour law.

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

In addition, the Investor Relations Department can be contacted by telephone or by e-mail using investor.relations@anel.com.tr e-mail address.

Necessary mechanisms are established by Human Resources Department in order to share the transactions that the stakeholders consider that they are not legitimate and ethically inappropriate. The transfer of information to employees is carried out by gathering in various organizations or through the intranet system used within the Company. Some important announcements are communicated to all employees via e-mail. The necessary arrangements are made to ensure a double-sided flow of information between the managers and employees.

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

12. Stakeholders' Participation in Management

It is ensured that employees have a say in determining the company's strategy and therefore its objectives with a strategy determination questionnaire every year. The results of the questionnaire are analysed by the Management Systems Department and the results are shared with the participants. For employee satisfaction, HR processes are being renewed by consulting employees. Training and Performance Management

Processes are managed by the committees, including our employees from different departments.

With our shared decision making culture; our employees use the right to make decisions in processes that will affect them. Especially in order for our Human Resources and internal communication processes to respond to customer (employee) expectations, our processes are managed together with our employees through questionnaires and workshops, with the idea that partnering with customers (employees) for the decisions will reach the right result.

13. Human Resources Policy

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

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

Trainings are held that will directly affect our corporate achievement in order to carry our personal and professional competences forward.

Gökçe Babayiğit, Gülay Savaşan and Murat Akcan have been appointed as representatives to carry out the relations with the employees in our Company and employees are notified on the decisions made about employees or the developments that are relevant to employees through representatives. In addition, employees are exchanged views on the company's status, education, career, and health.

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

Employees are treated equally in Training & Development, Performance Management, Career

Management, Remuneration and other Human Resources processes without discrimination of ethnicity, language, religion, race or gender. No complaints were raised by any employee on the related subject during the year.

Our policy is to provide a safe environment for our employees, subcontractors and visitors by taking preventive measures in all projects and removing potential hazards.

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

14. Relations with Customers and Suppliers

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

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

15. Ethical Code of Conduct and Social Responsibility

Our Company's Board of Directors has established ethical rules for the company and its employees and information on ethical code of conduct are announced to the public on our Company website.

The issues set out in our Code of Ethics constitute the basis of our corporate culture.

Due to the value it attaches to sustainability; in 2013, Anel has signed the United Nations (UN) Global Cooperation Agreement. Anel carries out its activities with continuous improvement while implementing the 10 principles within Global Compact in its strategies and practices.

Founded in 2007, Çelikel Education Foundation aims to help our country to be mostly comprised of people who contribute to the progress built on human rights, know their limits and are also self-confident and successful worldwide. In order to contribute to the development of responsible people, it develops and implements programs to increase the quality of training. Anel Elektrik continued to support the programs conducted by Çelikel Education Foundation

in 2017, like in the previous years. Information on social responsibility activities are included in the Company's website and the annual report.

SECTION IV - BOARD OF DIRECTORS

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

The Board of Directors, keeps the risk, growth and return balance of the company at the optimum level with the strategic decisions to be taken and governs and represents the company by taking into account the long-term interests of the company, with a rational and cautious approach to risk management. The Board of Directors defines the company's strategic goals, determines the workforce and financial resources that the company will require, and controls the management performance. The Board of Directors conducts its activities in a transparent, accountable, fair and responsible manner.

The business and administration of our company is carried out by the Board of Directors consisting 7 members elected by the General Assembly.

3 members from the Board of Directors are taking part in execution, while the remaining 4 members are non-executive. With two female members taking part in our Board of Directors, Our Board of Directors has 28.57% female members rate, above the target level in Corporate Governance Principles and within the Board of Directors, there are 2 Independent Board Members in accordance with Article 6 of the Corporate Governance Communiqué.

There are written statements about the independence of each of the independent members.

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

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

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

Avniye Mukaddes Çelikel
Vice Chairman of the Board

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

Mahir Kerem Çelikel
Board Member

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

Merve Şirin Çelikel Tombuloğlu
Board Member

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

Tender Department of Siemens Energy. She joined Anel Group in 2011 and currently serves as Member of the Board of Anel Group companies.

Ahmet Bülent Batukan
Board Member

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

Prof. Dr. Ahmet Münir Ekonomi
Independent Board Member

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

Ahmet Fatih Edibođlu

Independent Board Member

Upon completing his master's degree in Business Administration at Sorbonne University, Ahmet Fatih Edibođlu, started his professional career at Hürriyet in 1979. He then served as Deputy General Manager and Member of the Board of Directors at Hürriyet and then as Consultant on Content and Investments. After working at Digiturk, he worked as a General Manager and Board Member at STAR TV, General Manager and Board Member at Atv, General Manager and Board Member at 1 Numara Dergicilik and General Manager and Board Member in Sabah. Ahmet Fatih Edibođlu is an Executive Board Member of Midwood Studios, in addition to Anel Group companies. Meeting all the requirements defined in the Corporate Governance Principles set out by the Capital Markets Board, Ahmet Fatih Edibođlu is not affiliated with Anel Elektrik or its subsidiaries.

the Board of Directors were elected to serve for three years at the General Assembly Meeting held on 24 August 2017.

As stated in our articles of association, members other than independent members of the Board of Directors are elected by the General Assembly, among the candidates for who are A group is a shareholders or candidate they will nominate.

Except for our Independent members of the Board of Directors, other members of the Board of Directors are also in charge as Board Members in the other companies of Anel Group.

With the purpose that our Board Members to be able to take charge in the other group companies affiliated with our Company, it was decided that they will not be subject to the prohibitions and limitations listed in articles 395 and 396 of the Turkish Commercial Code no. 6102 at the annual General Assembly Meeting of our Company. Within this framework, members of the Board of Directors are not subject to any restrictions

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

17. Operating Principles of the Board of Directors

As stated in our Company's articles of association, the Board of Directors convenes as often as company's business requires. Meeting invitations are made via telephone and electronic mail. The meeting agenda is determined by consulting with the Chairman of the Board of Directors upon the request of the member of the Board of Directors.

The frequency of the Company's Board of Directors meetings and the matters concerning the meetings and quorums are determined in the Company's Articles of Association.

Documents related to the meeting agenda and the agenda are prepared by the secretariat of the Board of Directors and are delivered to members in the form of a file a period of time before the meeting that will allow the members to review and evaluate their contents according to the agenda. Members of

in the event they are to take other duties outside the Company during the period in which they are appointed with the General Assembly.

In 2017, the Board of Directors gathered 43 times and the attendance rate to these meetings have been 99%.

There was no opposing view registered in the Board minutes, since all of the Board decisions are taken majority vote. However, if such a situation arises, all necessary matters related to these views will be recorded in the minutes.

The Board of Directors plays a leading role in ensuring effective communication between the company and its shareholders, resolving disputes that may arise and finding solutions and it cooperates closely with the corporate governance committee and the Investor Relations Department for this purpose.

The Board of Directors reviews the effectiveness of risk management and internal control systems at

least once a year. Information on the functioning and effectiveness of the internal audit system is provided in the annual report.

The authorities of the Managers with the authority to sign are clearly separated and this distinction is arranged in the signatory circulars in writing. No one in the company is furnished with unlimited decision-making authority. 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. Members of the company Board of Directors 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. None of our members have voted against the Board decisions at the meetings held during this period. Board members do not have voting rights and/or veto rights in case of a tie. Every board member, including the Chairman, has only one vote and no member has been granted predominant vote. Our Company Chairman is Anel Holding A.Ş. and it is represented by Rıdvan Çelikel. Rıdvan Çelikel acts as the head of execution personally. 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 the Committees Formed under the Board of Directors

In our Company, the current Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee as well as the Nomination and Remuneration Committee affiliated to the Corporate Governance Committee continued their activities in 2017. Information about their operations and working principles are disclosed to the public on the company's website.

Among these committees, Audit Committee meetings are held six times in a year, Corporate Governance Committee is held twice a year and Early Detection of Risk Committee is held six times a year and the minutes of the Committee meetings are submitted to our Company's Board of Directors.

The Board of Directors provide all types of resources and assistance required for the Committee to fulfil its duties. Committees may invite anyone they deem necessary in order to take his/her opinions.

Committees benefit from the opinions of independent experts in the required fields related to their activities. Fees of the consultancy services which the Committee needs are paid by the Company. However, information on this service provider person/institution and information on whether this person/institution has a relationship with the company shall be presented in the annual report.

In the current structuring of the committees, a Board Member takes part in more than one committee. The distribution of our committees by members is as follows;

Corporate Governance Committee	Full Name	Status
Chairman	Prof.Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Ediboğlu	Independent Member
Member	Semra Çağlar	Executive
Audit Committee	Full Name	Status
Chairman	Prof.Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Ediboğlu	Independent Member
Early Detection of Risk Committee	Full Name	Status
Chairman	Prof.Dr. Ahmet Münir Ekonomi	Independent Member
Member	Ahmet Fatih Ediboğlu	Independent Member

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

18. 1. Audit Committee

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

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

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

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

18. 2. Corporate Governance Committee

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

Detects whether corporate management principles are applied in the company and if not, detects the reason of this and interest conflicts occurred due to incomplete implementation with these principles and gives advices that will improve corporate management applications to the Board of Directors and supervises Investor Relations Department's works.

18. 3. Early Detection of Risk Committee

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

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

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

19. Risk Management and Internal Control Mechanism

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

The scope of the Internal Audit Activities is as follows:

1. All processes and activities of the company is included in the audit scope.
2. Audit Group's activities include assessing the compliance of the Risk Management, Internal Control and Management Processes with the structure determined by the Board of Directors, and determining whether they are sufficient and whether they operate systematically within the framework of the subjects below:

- a) To correctly identify and manage all financial and operational risks that may adversely affect the Company's activities effectively,
- b) To establish effective communication with relevant departments and branches in matters covered by the audit,
- c) Keeping important financial, managerial and operational information for company's operations accurate, reliable and up-to-date,
- ç) Ensuring that all employee operations comply

with Company policies, procedures and principles, Ethical Code of Conduct, standards and relevant legal regulations and law,

d) Ensuring efficiency in obtaining and using all resources of the company,

e) Developing quality and development effort in the internal control processes constantly,

f) Monitoring that the regulations and legal issues that affect company's operations are directed to the related departments and branches,

g) Evaluating critical audit results on managerial control, efficiency and corporate identity issues by discussing with appropriate management levels.

20. Strategic Goals of the Company

Since 1986, our Company is protecting our future by acting with awareness for adding value to the planet, to the society we are involved and the institutions and companies we conduct business. Goals and critical performance indicators parallel to the vision and mission of the Company that are set out from this perspective are determined within the scope of annual strategy plans. These targets and critical performance indicators are approved by the Board of Directors at the budget meetings held at the end of the previous year. In ordinary meetings, the Board of Directors reviews the results of activities against the performance of the previous year and its target indicators.

- According to Public Disclosure Platform's announcement published on 26.01.2017; provided that the necessary permissions are taken from CMB and that our General Assembly approves;

Merger negotiations have begun with the purpose of merging under the structure of our company by "taking over" Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş., which is among our Anel Group companies that we possess 24.68% of its capital and 22.13% of the total vote rights together with all its assets and liabilities as a whole by our Company and the "Announcement Draft" regarding the merger transaction submitted for approval of CMB on 15.06.2017 with the approval request along with the other documents within the Capital Markets Board's announcement no. II-23.2 Annex 1.

- Notification No. II-23.2 of Capital Markets Board adjudicate that, where the General Assembly Meeting which the merger will be approved is completed by the end of the eighth month following the end of the accounting period, the most recent annual financial

statements are taken as basis for the merger. The Board of Directors has assessed that the General Assembly Meeting to approve the merger process is not available for completion until the end of the eighth month following the end of the financial period and has declared with the Public Disclosure Platform's announcement dated 26.07.2017 it has decided that the 30.06.2017 financial statements to be independently audited within the framework of the related notification's provision stating that "If the General Assembly Meeting is held on a date outside of this period, the interim financial statements shall be based on at least six months' period and shall not be longer than six months between the date of the financial statements and the date of the general assembly meeting" and that the application made to the Capital Markets Board made with the audited financial statements for the six month period, the report of the expert organization to be re-prepared on the basis of the said financial statements and other information and documents to be updated; "Announcement Draft" is submitted for approval of CMB on 29.09.2017 with the approval request along with the other documents within the Capital Markets Board's announcement no. II-23.2 Annex 1.

- Within the letter Capital Markets Board has sent to our Company on 05.12.2017 dated 04.12.2017 and no 29833736- -106.01.01-E.13527, we have informed that according to the first paragraph of article 6 of Merging and Division Notification, in the merging transactions which partnerships open to public are a party, the financial statements which are regulated in a way the time between the financial statement date and the date of general assembly which the transaction will be approved be no longer than six months and it is necessary to announce the approved announcement text before at least thirty days from the date of general assembly which the merging transaction will be approved as per the second paragraph of the 8th article of the Notification.

With its letter dated 04.12.2017, Capital Markets Board has stated that it is not possible to finalize our request under current circumstances with the financial statements dated 30.06.2017 which is based on the preparation of the document submitted to review of the Board attached to the merger transaction and application file within the mentioned legislation provisions, and the application made by our Company on 29/09/2017 was cancelled ex

officio. On the other hand, within the framework of the related legislation provisions, our Company was reminded that a re-application may be submitted to the Capital Markets Board in a timely manner by preparing the necessary information and documents. Within this framework, our Company has announced with the Public Disclosure Platform's announcement dated 05.12.2017 that it was decided to apply to the Capital Markets Board for the approval of financial statements regarding the end of 2017 financial period and the announcement text regarding the merger transaction with the updated form of necessary information and documents that are requested in the mentioned notification, the issuance certificate for the issuance of shares representing the capital of the Company to be increased due to this transaction and the text of amendment regarding the capital article of the articles of association by the Board of Directors.

- In 2018, it is aimed to receive the approval for the merger transaction of Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş. by "taking over" together with all its assets and liabilities by our Company and merge under our Company's structure and to submit to the approval of General Assembly.

21. Financial Rights

Remuneration for Members of the Board of Directors and Senior Managers in our company is performed according to "Pricing Principles For Members of the Board of Directors and Senior Managers" approved by the Board of Directors in 2012, and purpose of these principles is to ensure implementations with regard to the pricing to be planned and carried out and managed in order for them to be in accordance with relevant legislation and scope and structure of activities, long-term targets and strategies, ethical values, internal balances of the Company.

The relevant principles can be found on the website of the Company.

At the Ordinary General Assembly held on 24 August 2017, the attendance fees to be given to the members of the Board of Directors were discussed as a separate agenda item and decided by the Board of Directors.

In accordance with the Corporate Governance Principles, the fees paid to the senior executives of the Company as well as the members of the Board of Directors and other benefits provided are disclosed to the public through the annual report.

In the remuneration of the Independent Board

Members, no dividends, share options or payment plans based on the performance of the company are used. All members of the Board of Directors shall be entitled to receive the amount determined in the General Assembly and the monthly attendance fees. These fees are at a level that will not affect the independence of the Independent Board Members and are not determined based on the performance of the company.

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

In 2017, while remuneration and attendance fee of TL 814.025 were paid to Board Members, the remuneration and all other benefits provided to our senior executives who are at the managerial level were TL 6,488,857 in the same period.

Our Company does not facilitate loans, does not grant credit under the name of personal credit through a third party or give collaterals such as suretyship to any of the Board Members or managers.