

**ORGE ENERGY AND ELECTRICAL CONTRACTING CO., INC.**  
**CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT**

Considering corporate governance approach as a vital element of its operations, the Company adopts all legal regulations and "Corporate Governance Principles" regulated by the Capital Markets Board (CMB) as an important part of its management approach. The Company, in continuing its operations, aims to develop structures and principles suitable to all current regulations and its own operations in order to offer the best services in a manner maximizing the interests of its shareholders and all stakeholders.

**SECTION I - CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT**

This corporate governance statement includes the degree of ORGE Energy and Electrical Contracting Co., Inc. (ORGE)'s corporate governance principles compliance, its statements on subject that are not currently complied with and its undertakings to this effect.

On the other hand, in accordance with CMB's 10.01.2019 dated and 2/49 numbered decree on Corporate Governance Compliance Reporting, Governance Compliance Report and Corporate Governance Information Form is disclosed on Public Disclosure Platform (PDP) at the address [www.kap.org.tr](http://www.kap.org.tr), on the same day with this report.

With the publication in the Official Gazette dated 03.01.2014 no 28871 and enactment of the Corporate Governance Communique no 11-17.1 of the Capital Markets Board (The Board) and also with the Board resolution dated 27.01.2014 no 2/35, the companies that are required to prepare a Corporate Governance Principles Compliance Report are obliged to include information towards Corporate Governance Principles Compliance in their annual reports and websites.

ORGE is loyal to its corporate governance approach that it believes in order to continue successful business practices that have ensured it to hold a significant place in its specific industry and make ORGE shares an attractive investment instrument both for existing and potential shareholders and investors.

ORGE, in parallel with the management approach it has established since its foundation based on the principles of equality, transparency, accountability and responsibility, fully adopts The Capital Markets Board Corporate Governance Principles that systematize these principles, and makes the best efforts since its initial public offering in 2012 so that the management standards adopt to the changes in the fastest manner possible thanks to the accurate implementation of these principles, following the updates and developments on the subject.

Within this framework, all of the Corporate Governance Principles that are required by the Capital Markets Boards as per the Corporate Governance Communique are being implemented by ORGE, and many of the principles that are not required to be implemented are to a great extent adopted and implemented within the framework of ORGE management principles. Within this framework, the Company aims to comply with such principles to the maximum and continuous efforts are underway to this end.

However, exceptional principles that are not yet implemented during the practices of the Company resulted in no conflicts of interest among stakeholders so far.

ORGE aims to fully comply with the Corporate Governance Principles published by the Capital Markets Board, to make new regulations on matters to be complied with when and as required and make improvements in subjects including the rights of shareholders, public disclosure, ensuring transparency and making improvements with regards to the relations with shareholders.

## **SECTION II- SHAREHOLDERS**

### **2.1. Investor Relations Department**

There exists, within the body of ORGE, an Investor Relations Department, that manages the relations between existing and potential shareholders and the Company and reporting directly to the Company's General Manager Nevhan Gündüz.

The Corporate Governance Committee is tasked with the supervision of the works of the Investor relations Department. As per the resolution of the Board of Directors on September 22, 2014, Ertuğ Ersoy, Manager of the Investor Relations Department has been appointed as member of the Corporate Governance Committee.

Following the restructuring work at the Investor Relations Department, updated information about the department personnel is given below. Ertuğ Ersoy who has been appointed as the manager of the Investor Relations Department as of September 22, 2014 works on full-time basis, directly reporting to the General Manager. Cemil Topak works in the same Department as member of the Investor Relations Department staff.

Details of the Investor Relations Department staff are given below:

#### **ERTUĞ ERSOY**

Manager of Investor Relations Department

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#### **CEMİL TOPAK**

Investor Relations Department Staff

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Investor Relations and Corporate Governance Coordinator Ertuğ Ersoy, holds the Capital Markets Board's Corporate Governance Rating License (license no:701827) and Capital Markets Operations Level 3 License (license no:209170), and is also charged with fulfilling the Company's liabilities resulting from the capital markets legislation as well as coordinating corporate governance practices.

Queries addressed at the Investor Relations Department are replied in compliance with the Disclosure Policy. A total of 49 queries were received by the Investor Relations Department between January 01, 2019 and December 31, 2019, and all of the queries were replied. The Department has also held 2 analyst meetings and +30 domestic/international fund manager, investor, analyst, etc. calls and/or conferences in 2018.

The report produced by the Department regarding its operations in 2019 has been submitted to the Board of Managers on January 02, 2020.

#### **2.1.1. Duties of the Investor Relations Department**

Main duties of the Investor Relations Department are given below:

### Keeping Records of the Shareholders

Investor Relations Department is the department that communicates with the shareholders. The Department is charged with maintaining, in a robust, secure and updated manner, the demands from shareholders and written answers thereto, general committee documents, minutes of the general assembly voting results (minutes of the general assembly), Special Disclosures and shareholders' records.

### Reply Written Queries

Other than for the non-public disclosed, confidential and commercially secret information relating to the Company, the Department is tasked with replying to the written queries of the shareholders regarding the Company. Such queries may be received also via e-mail.

### Duties of the General Committee

It makes sure that the General Committee meeting is held in compliance with the current legislation, articles of incorporation and other company regulations.

It prepares the documents that will be used by the shareholders at the General Assembly Meeting, and makes available the financial statements, annual report, and any document introducing the Company. It ensures that voting results are registered and reports about the results are sent to the shareholders.

### Public Disclosure Duties

It is tasked to supervise and follow the implementation of all liabilities resulting from the capital markets legislation including all matters concerning corporate governance and public disclosure.

### Reporting

The Investor Relations Department reports to the Board of Directors at least once every year in relation to the operations it has been carrying out.

## **2.2. Shareholders' Usage of Their Right to Access to Information**

ORGE acts in observance of the principle of equality in its relations with all shareholders, current and potential investors and tries to make sure that information with the same content reaches everyone in a full, complete and simultaneous manner. Shareholders' requests for information about transactions that are not at that time within public domain are also considered under this policy and personal statements are never allowed.

In this regard, for the purpose of expansion and healthy usage of the information rights by shareholders, in addition to financial statements, all sorts of required information and documentation aimed at ensuring full, accurate and update information are periodically updated and kept in the electronic environment in the Company's corporate website ([www.orge.com.tr](http://www.orge.com.tr)) under the "Investor Relations" tab in both Turkish and English versions.

Special statements, financial statements and other corporate information are being submitted to the Public Disclosure Platform (PDP) in the electronic environment, signed with electronic signatures.

As per paragraph "e" of article 10 of the Company's Articles of Incorporation, the shareholders can ask for special audit from the General Assembly as an individual right. There has been no request for the appointment of a special auditor by shareholders within the year 2019.

### **2.3. General Assembly Meetings**

The Company's 2018 Ordinary General Assembly meeting was held on March 28, 2019 at the company Headquarters.

Calls to meeting had been made as projected in the law and articles of incorporation and in a manner also including the agenda by way of announcement in the Turkish Trade Registration Gazette of March 11, 2019 no 9784, in the company's website, in the Public Disclosure Platform, and over the E-General Committee System of the Central Registry Agency Co., Inc.

The General Committee Disclosure Document produced before the meeting was also published in the Public Disclosure Platform and company website within applicable dates. However, the Financial Statements and reports of the year 2018, together with the proxy form required to attend the meetings in proxy, Corporate Governance Compliance Report, The Board of Director's dividend distribution proposal and Annual Report including the Independent Audit Report, were offered to the review of shareholders starting 21 days prior to the meeting date at the Company Headquarters, Public Disclosure Platform, Central Registry Agency's e-General Committee system and our Company's website ([www.orge.com.tr](http://www.orge.com.tr)).

All of the shares representing the issued capital of our Company are to the bearer, and all of these shares have been recorded. In this regard, call to the meeting has been published in the Turkish Trade Registration Gazette also containing a sample power of attorney and the topics of the agenda in compliance with the provisions of calls to the meeting, laws and Articles of Incorporation, and within the legal time limit.

Our Ordinary General Committee Meeting was held on March 28, 2019. Out of the 50.000.000 shares representing the Company's total nominal capital of TL 50.000.000, 27.103.764,847 shares corresponding to TL 27.103.764,847 were represented as in principal person with a quorum of 54,21% at the meeting.

As per paragraph "e" of article 10 of the Company's Articles of Incorporation, general committee meetings are open to the public including the stakeholders and the media, with no right to speak. The General Committee Meeting of March 28, 2019 was attended by shareholders, with no attendance by the representatives of the media.

The General Committee meeting gives the right to speak and ask questions to shareholders, but in the General Committee Meeting, the shareholders suggested no topics in the agenda, and did not use their right to ask questions.

There have been no transactions during the period where the affirmative votes of the majority of the members of the Independent Board of Directors were sought to make decisions in the Board of Directors and this has been left to the General Committee Meeting as a result of failure to do so.

The shareholders were informed with a separate topic of the agenda during the period about the support and donations made.

Shareholders who have a management control, members of the Board of Directors, managers with administrative responsibility and their spouses, relatives by blood or marriage up to second degree have not conducted a significant transaction with the company or subsidiaries thereof which may cause a conflict of interest, and/or conduct a transaction on behalf of themselves or a third party which is in the

field of activity of the company or subsidiaries thereof, or become an unlimited shareholder to a corporation which operates in the same field of activity with the company or subsidiaries thereof. There were also no transactions conducted by persons who have the opportunity to access information of the company in a privileged manner, on their behalf within the scope of the company's field of activity.

Minutes of the General Assembly meeting and list of attendees were announced to the public on the same day with the General Assembly through the Public Disclosure Platform. They are also available in the company's website.

In the following period, in accordance with the Capital Markets Board decision about Bilgili Independent Audit Co., related to cancellation of authorization for auditing, an Extraordinary General Assembly meeting was held for elect new audit company during the period. At the meeting on 28.08.2019, AC Istanbul International Audit and CPA Co. was selected to carry out independent audit activities of the Company in 2019.

Minutes of the General Assembly meeting can be obtained at our Company's headquarters and are also available on our website ([www.orge.com.tr](http://www.orge.com.tr)).

#### **2.4. Voting Rights and Minority Rights**

The Company's Articles of Incorporation does not grant any privilege regarding voting rights. Each share is entitled to one vote at the ordinary or extraordinary General Assembly Meetings. Shareholders may be represented at General Meetings by proxies given either to other shareholders or to those who are not shareholders. Such proxy holders who are also shareholders shall have the right, apart from their own vote, to vote for each share that they represent. The form of the proxy shall be determined and announced by the Board of Directors in compliance with the relevant CMB legislation.

While our company avoids practices, which make the use of voting rights difficult, various mechanisms have been set in place to enable every shareholder, including cross-border shareholders, to use their voting rights in a proper and simple manner. In this context, according to Article 10 (e) of the Articles of Association of the company regarding "Participation in the General Assembly via Electronic Means", shareholders having the right to attend the General Assembly can attend the meeting electronically in accordance with article 1527 of the Turkish Commercial Code. In accordance with this article of the Articles of Association, at the 2018 Ordinary General Assembly meeting, shareholders and their representatives were able to use their rights as mentioned in the regulation.

While utmost care is given to the use of minority rights, our Articles of Incorporation regulates the usage of all minority rights in accordance with regulations. The Articles of Incorporation of our company does not include any article broadening the extent of minority rights compared to the Law.

There is no cross-shareholding relationship with the majority shareholders of our Company.

#### **2.5. Dividend Rights**

ORGE Energy and Electrical Contracting Co., Inc.'s Profit Distribution Policy is based on a dividend distribution policy in the form of stock, cash and/or bonus, as projected by the Capital Markets Board and being not less than as permitted by other relevant legislation. To this end, the Company has made its policy, in consideration of performance and investment needs and sector, national and international conditions, to make dividend distributions that will allow for the optimization of the financial structure and over the distributable dividend amount calculated by the procedures set by the Capital Market Board

as required by growth and as permissible by investments or extraordinary developments in economic conditions.

The Company has adopted as its final dividend distribution policy that the general dividend distribution policy shall be continued except for the investment and other funding requirements and extraordinary developments in economic conditions required by the Company's long-term growth.

The Company's Dividend Distribution Policy is available at the company's website at [www.orge.com.tr](http://www.orge.com.tr) and in the annual report. It was submitted for the information of the 2018 Ordinary General Assembly on March 28, 2019.

Share groups do not have any privileges with respect to dividends as per the Articles of Incorporation.

As suggested by the Board of Directors on 06.03.2019, at the Ordinary General Assembly Meeting of the Company held on 28.03.2019; within the framework of the Capital Market Legislation, the Company articles of association and the Company's profit distribution policy, considering the general economic and sectoral outlook and taking into account of companies cash balances and projections , after the necessary deductions and separations have been made from the TL 51.434.516 net profit of the period as of 31.12.2018 in the financial statements prepared in accordance with the Capital Market legislation and TL 13.370.018,24 net profit of the period as of 31.12.2018 in the legal records, TL 50.766.015,09 and TL 12.701.517,33 was added to prior years profit and extraordinary reserves.

## **2.6. Transfer of Shares**

Article 16 of the Articles of Incorporation does not restrict the transfer of company shares. When transferring shares, the Turkish Commercial Code, Capital Markets Law, Capital Markets Board regulations, other regulations of the Capital Markets legislation, Central Registry System rules and other regulations regarding the recording of shares will be complied with.

## **SECTION III- PUBLIC DISCLOSURE AND TRANSPARENCY**

### **3.1. Corporate Website and Content**

The Corporate website is hosted at [www.orge.com.tr](http://www.orge.com.tr). The web site is maintained in both Turkish and English and its content and form comply with the requirements set forth in the CMB Corporate Governance Principles. On the web site, all information required as per CMB's Corporate Governance Principles is available.

Announcements of financial statements, except for material events and footnotes which are mandatory to be disclosed to public in accordance with capital markets regulations are simultaneously being disclosed at Public Disclosure Platform in English as well as in Turkish.

### **3.2. Annual Report**

The Annual Report of our company is prepared in detail and in a way that the public may have access to the full and accurate information about the operations of our company, and includes information as required in the Corporate Governance Principles in addition to the related regulations and the other requirements specified in other parts of the Corporate Governance Principles.

## **SECTION IV - STAKEHOLDERS**

### **4.1. Informing the Stakeholders**

One of the key policies of the Company is to create timely and applicable solutions for any employee and other stakeholders' issues. Stakeholders are informed on related matters through periodic meetings,

correspondence and various organizations. Fully aware of the long-term benefits associated with stakeholders, the Company respects and protects their rights established by legislation, mutual agreements, and charters.

The Company's Headquarters and Worksites is an important stakeholder that is in direct relationship with the Company. The Company holds "Worksite Meetings", monthly Project Coordination Meetings throughout the year in order to inform its worksites about corporate policies, targets and economic developments and listen to their problems and make the system more effective.

There are also many supplier firms that are in direct business relationship with the Company. The Company assesses previous years' business results through meetings with suppliers, visits to suppliers, and audits and ensures that the Company's targets and expectations for the current year are shared. Necessary mechanisms will be created for stakeholders to report Company's illegal or unethical practices to the Corporate Governance Committee or the Audit Committee.

#### **4.2. Stakeholders Participation in Management**

ORGE created no model to encourage stakeholders' participation in the Company's management directly or indirectly. However, short and long-term plans aimed at employees' acquisition of ORGE shares are now at the maturity stage. In addition, the company management tries, in continuing the company's operations, to be in continuous communication with stakeholders and makes sure the opinions of parties are considered in establishing corporate policies and practices.

Joint efforts are made and meeting are held when making regulations on working conditions, working environment and benefits to employees etc.

Regional meetings are made with authorized dealers for particular worksites. The Company's service conditions are discussed, suggestions are received, and requests are expressed in these meetings.

Although joint meetings are held with suppliers providing the company goods and services, suppliers are also included in quality works and meetings, a more conscious and productive working environment is created, and opinions are received.

#### **4.3. Human Resources Policy**

The basic principles of the ORGE's human resources policy are given below.

Within the structure of ORGE, the relations between the company and the employees are conducted by the Personnel Department. Personnel job descriptions and distributions and performance criteria are set by the Company's management and communicated to the employees.

The principles of equal opportunity and benefits to employees with equal conditions and avoiding all sorts of discrimination were adopted and recruitment criteria set out within this framework are being complied with in practice.

Training, appointment, and promotion decisions are made with the participation of all project managers, and the senior management, together with the reviews of project managers in charge and the managers using objective criteria to the extent possible and utmost care is made to consider company interests. Training sessions are planned in order to increase the skills and knowledge of the employees. A secure working environment and conditions have also been maintained, and efforts are underway to make sure

such conditions are improved based on social and technological needs.

There are no complaints filed by the employees received by the Company management.

Surveys are conducted throughout the company to identify employee needs, and anonymous reviews are encouraged and direct communication channels are kept always open.

Employees are informed on the decisions made in relation to the personnel within the structure of ORGE or developments relating to them. Measures are taken to make sure human rights are respected and that the employees are protected against physical, spiritual and psychological maltreatments in the company.

Employees are verbally informed on the personnel job definitions, distribution and performance and rewarding criteria.

#### Assessing Recruitment Needs

Capacity: Due to continued demand, we have a high capacity and our capacity meets the demand.

Need for New Employees: Recruiting employees who adapt themselves on new developments in areas planned as per corporate strategy, recruiting new employees (backup) to fill the currently vacant positions or to become vacant for various reasons (severance, retirement etc.), and setting additional criteria targets for new personnel.

Our Perspective: Training for continuous development, encouragement of the development of personal or group works.

The Company obtained documentation certifying that it has established and maintains a management system that complies with the requirements of the ISO 9001:2015 Quality Management System and OHSAS 18001:2007 Workplace Health and Safety System standard.

The Company's motto is "No business is more important and urgent than the health of our employees."

Environment Friendliness: One of our main goals is to make sure our works and products at all stages do not harm humans and the environment.

#### **4.4. Ethical Rules and Social Responsibility**

Our Company puts great emphasis on ethical rules, and our "Ethical Codes of Conduct" are available at our Company's website.

Respect is shown to the society, nature and environment, national values, customs and traditions, and in the light of the transparency principle, shareholders and stakeholders are given timely, accurate, complete, full, understandable, analyzable, easily accessible and reliable information in a manner also maintaining our Company's rights and benefits. The Company is loyal to the laws of the Republic of Turkey, and acts in observance of the laws in all procedures and decisions.

Our company fulfills all legal liabilities to the environment and neighbors.

### **SECTION V - BOARD OF DIRECTORS**

#### **5.1. The Structure and Formation of the Board of Directors**

In the 2018 Ordinary General Assembly Meeting held on March 28, 2019, the members of the Board of Directors elected to serve for 1 year until the 2019 Ordinary General Assembly Meeting comprises one Chairman, one Deputy Chairman and three members, with a total of five members.



There are no specific rules for the appointment of Board members for other tasks out of the company and regulations stipulated in the Corporate Governance Principles are complied with.

There is no target ratio and target time for a female member ratio in the Board and no policies to reach that target. The said policies and targets shall be set within the next period.

The structure of the Board of Directors is as follows.

<b>Name-Surname</b>	<b>Function</b>	<b>Executive or not</b>	<b>Independent Member on not</b>	<b>Recent Duties out of the Company</b>
ORHAN GÜNDÜZ	Chairman	Not Executive	Not an Independent Member	Chairman of Subsidiary
NEVHAN GÜNDÜZ	Deputy Chairman	General Manager	Not an Independent Member	Deputy Chairman of Subsidiary
MAHMUT GÜNDÜZ	Board Member	Not Executive	Not an Independent Member	Board Member of Subsidiary
MUSTAFA ÇETİN ÖZBUDUN	Board Member	Not Executive	Independent Member	GBL Limited Company Shareholder, CEO
İLHAN ŞÜKRÜ KAYA	Board Member	Not Executive	Independent Member	None

Capital Markets Board's Communique No. II -17.1 on Corporate Governance was published and put into force in the Official Gazette dated 03.01.2014 no 28871. The duties given to the "Nomination Committee" in line with the Corporate Governance Principle no 4.5.1 for the Board Member nomination process within the scope of the communique are being carried out by the "Corporate Governance Committee".

To this end, the Committee report of March 6, 2019 on whether or not the two candidates whose information were given to the Corporate Governance Committee carries the independence criteria was submitted to the Board of Directors on the same day. Candidates for the Independent Board of Directors have also submitted their written statements (ANNEX-2) to the effect that they are independent within the frame of the legislation, articles of incorporation and the communique to the Corporate Governance Committee at the time of their nomination.

There was nothing that removed the independence of the independent members of the board of directors in 2019.

CVs of the members of the Board are given below.

### **CVs of Board Members**

#### **Orhan GÜNDÜZ, Chairman**

Being in the business life since 1965, Orhan GÜNDÜZ graduated from the Department of Geology, Ankara University in 1969. He has worked for many different companies throughout his business life and has been working in the electrical contracting industry for many years in his own companies.

He worked for;

1965-1968 / Special Electrical Installations Company, Ankara Representative,

1969 / Kilis Electrical Facility, Project Manager,

1970- 1971 / Kilis Electrical Facility, Project Manager,  
1971- 1972 / İskenderun Iron and Steel Works, Temporary Electrical Facility, Project Manager, 1974-  
1975-1976-1977-1978 / Yeğenler Collective Company Founding member and Company Manager, Bank  
of Provinces, Electrical Facility, Adana, İskenderun, Osmaniye etc.), Çukurova Electricity Co. Inc. Facility,  
ENH and Village Electrification (İskenderun-Hatay Villages) works,  
1979-1994 / YEPA Elektroteknik Co., Inc. Chairman  
1979-1988 / GALDEM Galvanized Iron Products Ind. and Trading Co., Inc., Chairman  
and he has been working in ORGE Energy and Electrical Contracting Co., Inc. since 1998, Chairman,  
respectively.

#### **Nevhan GÜNDÜZ, Deputy Chairman and Chief Executive Officer**

Following his graduation from İstek Foundation's Semiha Şakir High School in 1993, he completed his university education at New York Institute of Technology. After completing his education life, he started working in the power and energy sector.

He has worked intensively in the renewable energy sector with a focus on the removal of solid wastes and recycling since 1998, and made efforts for the introduction and importing of commonly used renewable energy technologies abroad to the Turkish market.

He has worked in Gündüz Electricity and Metal Construction Materials Trading and Ind. Co., Inc. where he was a shareholder and board member until 1998, and since then he has been working as Vice Chairman and General Manager of ORGE Energy and Electrical Contracting Co., Inc. where he is a founding member.

#### **Mahmut GÜNDÜZ, Member of the Board of Directors**

Following his graduation from İstek Foundation's Semiha Şakir High School in 1995, he completed his university education at Florida Lynn University. Mahmut GÜNDÜZ is a member of the Board of Directors since 1998.

#### **Mustafa Çetin ÖZBUDUN, Independent Member of the Board of Directors**

Mustafa Çetin ÖZBUDUN, who graduated from Istanbul Private Saint Joseph French High School in 1997, graduated from Boğaziçi University, Department of Tourism Management in 2001. He completed the foreign trade certificate program organized by Istanbul Commerce University in 2003 and Galatasaray University Economics Master's Program without thesis in 2005.

Having participated in many seminars and courses on quality certification, foreign trade, finance, economy-politics, ÖZBUDUN was established in 2001 as a family company GBL Gül Biology Laboratory Limited Company and started his business life. He worked in pre-accounting, finance, sales, marketing, licensing, quality certification, relations with government agencies, supports and incentives, foreign trade (import and export).

He has been working as CEO since September 2010 and a member of the board of directors and company partner since June 2011. ÖZBUDUN, who speaks French and English, is a member of Saint Joseph High School Alumni Association and Boğaziçi University Alumni Association.

#### **İlhan Şükrü KAYA, Independent Member of the Board of Directors**

İlhan Şükrü KAYA was born in Ankara in 1969. After graduating from Istanbul Erenköy Güneş High School, he graduated from Anadolu University Faculty of Economics and Administrative Sciences. KAYA engaged

in trade between 1995-1998, and between 1999-2001, Off Tourism Limited Company. Since 2002 he has been managing his asset portfolio in the real estate and financial markets.

## **5.2. Operating Principles of the Board of Directors**

The Board of Directors meets as stipulated in the Articles of Incorporation and as often as the Board of Directors, Company Administration and business requires. However the Board is obliged to meet once every month. The Board of Directors must meet upon invitation of the Chairman or at least half of the members of the Board. Board meetings are mainly made at the company headquarters. However, with the consent of more than half of the members, meetings can be held at another suitable place as an exception and not being more than one fourth of the meetings that must be held under the articles of incorporation throughout one year.

The Chairman talks with other members and sets the agenda of the Board meetings. The members make the utmost effort to attend every meeting and speak their views. Information and documentation on topics included in the Board meeting agenda shall be made available to the review of members sufficiently before the meeting, ensuring an equal flow of information. The faults of the Board members during the term of their office and the damages they will cause at the Company are not covered with an insurance.

The members may, before the meeting, propose changes in the topics of the agenda to the Chairman. Each member has one voting right in the Board of Directors. In the event that there are questions brought and different views spoken by members, reasonable and detailed voting justifications shall be included in the resolution minutes. The members of the Board of Directors are not granted the right of weighted vote and/or negative veto.

There has not been any related party transaction or significant transaction subject to the approval of independent board members and no transactions were submitted to the approval of the General Assembly following non-approval during the related period.

Meeting procedures will be put into written form through company regulations. Topics of the agenda are discussed in all aspects and clearly during the meetings. The Chairman makes the utmost effort to make sure non-executive members effectively attend the meetings. The members enter into the minutes their reasonable and detailed grounds for negative votes during the meetings.

Important Board resolutions are disclosed to the public through the Public Disclosure Platform.

A total of 18 meetings were held between January 01, 2019 and December 31, 2019 and the resolutions were unanimously made. The resolutions in the meetings passed with no dissenting votes.

The members powers are included in article 8 of the Company's Articles of Incorporation and as per the provisions of the Turkish Commercial Code and the Articles of Incorporation, they are empowered to take all decisions other than that must be taken by the General Assembly. Members of the Board carry out their functions in line with their responsibilities set out in the new Turkish Commercial Code regulations.

## **5.3. Number, Structure and Independence of the Committees Established by the Board of Directors**

The committees operating under the Board of Directors consist of the following members:

Early Risk Detection Committee:

Chairman : Mustafa Çetin Özbudun / Independent Board Member (Non-executive)

Member : İlhan Şükrü Kaya / Independent Board Member (Non-executive)

The Early Risk Detection Committee is formed and empowered by the Board of Directors, acts within the limits of its own powers and responsibilities and advises to the Board of Directors; however the responsibility for making the final decision lies with the Board. The Board of Directors provides the necessary resources and support to the Committee for the fulfillment of their duties. The Committee may invite any manager they deem necessary to their meetings and seek his/her opinions. The Committee may make use of independent expert opinions on matters it may deem necessary with regards to its activities.

The cost of such consultancy services needed by the Committee shall be covered by the Company.

The Committee, in line with the regulations of the Capital Markets and the principles in this regulation, performs work for the early determination of the risks that may endanger the existence, development and sustainability of the company, implementing necessary measures for the risks determined, managing the risk, and review the risk management systems.

The chairman of the Committee is elected from among the members of the Board and the Committee is made up of at least two members. If the Committee consists of two members, both of them, if the Committee consists of more than two members, the majority of the members shall be elected among non-executive members of the Board of Directors. The Early Risk Detection Committee and the Risk Management Committee can establish sub working groups comprising of people with adequate experience and knowledge on Corporate Risk Management among its members and/or externally for the efficiency of the works.

The committee convenes bimonthly, minimum six times a year. Meeting and resolution quorum is the absolute majority of the total number of the committee members.

The Committee assesses the Company's status in its meetings, and any proposals for necessary measures for detected risks, if any, and risk management as well as resolutions made at the committee meetings are made written, signed by the members of the committee and kept in good order. The committee submits the reports covering meeting and activity results to the board of directors.

#### Audit Committee:

Chairman : Mustafa Çetin Özbudun / Independent Board Member (Non-executive)

Member : İlhan Şükrü Kaya / Independent Board Member (Non-executive)

The Audit Committee is formed and empowered by the Board of Directors, acts within the limits of its own powers and responsibilities and advises to the Board of Directors; however the responsibility for making the final decision lies with the Board. The Board of Directors provides the necessary resources and support to the Committee for the fulfillment of their duties. The Committee may invite any manager they deem necessary to their meetings and seek his/her opinions. The Committee may make use of independent expert opinions on matters it may deem necessary with regards to its activities. The cost of such consultancy services needed by the Committee shall be covered by the Company.

The Audit Committee, in line with the regulations of the Capital Markets and the principles in this regulation, oversees the operation and efficiency of the Company's accounting system, public disclosure of financial information, independent audit, internal control and internal audit system.

All members of the Committee are elected from among the members of the Board and the Committee is made up of at least two members.

The committee convenes at least quarterly, minimum four times a year. Meeting and resolution quorum is the absolute majority of the total number of the committee members. Resolutions made in Committee meetings are documented in written form and recorded. The committee submits the reports covering meeting and activity results to the board of directors.

Corporate Governance Committee:

Chairman : Mustafa Çetin Özbudun / Independent Board Member (Non-executive)  
Member : Orhan Gündüz - Chairman (Non-executive)  
Member : Ertuğ Ersoy / Manager of Investor Relations Department

The Corporate Governance Committee determines whether the corporate governance principles are implemented across the Company, detects the reasons for non-implementation, determines conflicts of interest resulting from failure to achieve full compliance with these principles, and suggests improvements regarding corporate governance applications to the Board of Directors.

The Corporate Governance Committee is formed by the Board of Directors with at least three members. The manager of the investor relations department is appointed as member of the Corporate Governance Committee. The Board of Directors appoints the other two Committee members and the chairman from among the members of the Board of Directors. The Chairman of the Committee is elected from among the members of the Board of Directors. The chief executive officer/general manager is not included in the Committee.

In case of emergencies, the Corporate Governance Committee may convene extraordinarily upon request of the Chairman of the Board of Directors, Corporate Governance Committee or any of its members. Members of the Corporate Governance Committee may convene together or through telephones and/or other means of communication. The Corporate Governance Committee convenes at least four times a year.

The Corporate Governance Committee puts its works into written form and records them. Official approvals of the minutes of the meetings are made in the following meeting. All meeting minutes of the Corporate Governance Committee and any resolutions made are recorded in writing and in signed form. The Corporate Governance Committee submits information about all of its works, meeting results and its determinations and suggestions to the Board of Directors.

The meetings of committees operating within the body of the Board of Directors during the period are given below;

Audit Committee

Meeting Date: 13.02.2019 / Meeting No: 2019/01  
Meeting Date: 21.02.2019 / Meeting No: 2019/02  
Meeting Date: 06.03.2019 / Meeting No: 2019/03  
Meeting Date: 09.05.2019 / Meeting No: 2019/04  
Meeting Date: 30.07.2019 / Meeting No: 2019/05  
Meeting Date: 11.09.2019 / Meeting No: 2019/06  
Meeting Date: 08.11.2019 / Meeting No: 2019/07

Early Risk Detection Committee

Meeting Date: 28.02.2019 / Meeting No: 2019/01

Meeting Date: 30.04.2019 / Meeting No: 2019/02  
Meeting Date: 28.06.2019 / Meeting No: 2019/03  
Meeting Date: 29.08.2019 / Meeting No: 2019/04  
Meeting Date: 31.10.2019 / Meeting No: 2019/05  
Meeting Date: 31.12.2019 / Meeting No: 2019/06

#### Corporate Governance Committee

Meeting Date: 21.02.2019 / Meeting No: 2019/01  
Meeting Date: 06.03.2019 / Meeting No: 2019/02  
Meeting Date: 31.05.2019 / Meeting No: 2019/03  
Meeting Date: 02.09.2019 / Meeting No: 2019/04  
Meeting Date: 31.12.2019 / Meeting No: 2019/05

Regulations organizing the working principles and procedures of committees operating under the Board of Directors are available at the Company's website hosted at [www.orge.com.tr](http://www.orge.com.tr).

There is no conflict of interest in our Company due to members of the Board of Directors not complying with these principles.

As per article 4.5.3 of the Capital Markets Board Corporate Governance Principles, all members of the Audit Committee and the chairmen of other committees are elected from among the members of the board of directors. As per this article and due to the structure of the Board of Directors and its number of members, a member in committees under the Board of Directors can be a member of more than one committee.

#### **5.4. Risk Management and Internal Audit Activities and the Company Management's Related Opinion**

The Early Risk Detection Committee is formed for the early determination of the risks that may endanger the existence, development and sustainability of the company, implementing necessary measures for the risks determined, managing the risk. The Committee holds meetings every 2 months, with a minimum of six meetings annually, and offers information about its works, meeting results and recommendations to the Board of Directors.

The Board identifies significant opportunities and threats facing the company in reaching its objectives and manages the same in line with the Company's risk appetite. The Board of Directors creates the Company's internal control systems, including information systems and processes as well as risk management systems that will minimize the impact of risks that have the potential to affect the Company's stakeholders, particularly its shareholders, and by also seeking the opinion of the relevant Board of Directors committees.

Business continuity and crisis management efforts are being made in order to prevent and minimize the losses resulting from risks that may cause interruptions in the work and work schedules, such as natural risks, supply chain problems.

The Board of Directors oversees the its activities relating to financial control and internal audit mainly through the Audit Committee. The Audit Committee, when performing its functions, reviews and assesses financial data in order to financially review, audit and report the efficiency of our processes, instructs the related Manager of the Company and the Project Manager as needed and submits the same to the approval of the Board of Directors.

The Committee reviews the submitted data, efficiency of all processes of the Company from a financial point of view, tests the appropriateness, efficacy and application levels of relevant audit mechanisms, and determines together with relevant departments any measures that need to be taken in order to remedy any incompleteness.

The Audit Committee, as well as overseeing the functioning and efficiency of the company's accounting system, public disclosure of financial data, and functioning of independent audits, is also responsible for taking all measures for the sufficient and transparent conduct of all sorts of internal-external or independent audit.

The Board of Directors is informed through the committees formed under its body about risk management, internal control and internal audit activities and acts accordingly. To this end, the Board was informed about the works and meetings of relevant committees within 2018 as well. The Company management understood that, within this scope, the Company carries out its operations in compliance with the principles of the Turkish Commercial Code and the Capital Markets legislation and the principles herein; that the Company's accounting system, its public disclosure activities, and independent audit activities were carried out in compliance with the principles; and there were no problems with regards its internal audit system.

However, it is aimed that the investor base is broadened, and existing efforts to improve the access to information by existing investors by making improvements in the internal audit system to increase integrated efficiency with the risk management system, and realization of improvements in the field of public disclosure at the shortest time possible.

#### **5.5. The Board of Director's Assessment on the Efficiency of the Committees**

The Company was informed about the appropriate and successful efforts made and meetings held by the committees set up within the Board regarding their operations and management activities in 2018 and completed the year 2018 within expectations as the most successful year of its history operationally and financially, making the most of decisions made as a result of such efforts.

However, it is understood that the Corporate Governance Committee needs to finish their efforts urgently regarding necessary improvements in the organizational structure in order to improve the relations with stakeholders and the efficacy in public disclosure activities.

It is considered that, also in consideration of the efforts of the Early Risk Detection Committee, it is possible that our Company can remain least affected from the significant foreign currency value increases and commodity price increases and can even make value increase gains. It is understood that risk management framework should be improved, conceptual framework should be renewed, and standardization efforts should be accelerated, including utilization of financial instruments relating to commodity price risks in the upcoming period.

No problems were found in any of the accounting, independent audit, internal control and supervision etc. activities carried out under the control and supervision of the audit committee, however it is aimed that the investor base is broadened, and existing efforts to improve the access to information by existing investors by making improvements in the internal audit system to increase integrated efficiency with the risk management system, and realization of improvements in the field of public disclosure at the shortest time possible.

## **5.6. Strategic Targets of the Company**

The Company's mission and targets are set out by the Board of Directors and disclosed to the public in its website. The Company's mission and targets are as follows:

- To offer the optimum services with the most affordable prices.
- Direct the contracting authorities in the right manner and protect their interests.
- Stand behind all of our works and own all of our works at all times.
- Act within the rules of business ethics and rules and observe the laws and legislation of the Republic of Turkey.
- Recruit more people thanks to the resources we will create.
- Being a sought-for, well-recognized, world-known and reputable electrical contracting company.
- Being the top electrical contracting company in Turkey and getting in top 10 electrical contracting companies in Europe.

The Board of directors reviews the degree of the Company's achievement of its targets, operations and past performance in year-end meetings. The Board of Directors may demand information, documentation and reports from the Bid Department Manager and Project Managers.

The Board of Directors, 4 times during the year, following the disclosure of quarterly financial statements, reviews the degree and performance of achievement of financial targets.

It was seen that the Company has achieved its operational and financial targets aimed in its 2019 operations.

## **5.6. Financial Rights**

Members of the Board of Directors are paid the remuneration or attendance fees set out within the frame of the remuneration policy at the 2018 Ordinary General Assembly Meeting held on March 28, 2019. Executive officers Orhan Gündüz and Nevhan Gündüz are paid a gross remuneration and attendance fee of TL 12.000 per month, and other members who are non-executive officers are paid a gross remuneration of TL 2.500 per month.

There are no other remunerations or rights granted to the members of the Board of Directors. Remunerations and interests that the members of the Board of Directors are entitled to are not set based on their performance.

Remunerations paid to the members of the Board of Directors are resolved on a yearly basis after being discussed at the General Assembly. Remunerations to the Members of the Board of Directors and administrative managers and all other interests they are offered are disclosed to the public through the annual report. Also, the announcement containing the results of the General Assembly is being made through the Public Disclosure Platform (KAP), the Meeting Minutes and the resolutions made are made available at the company's website hosted at [www.orge.com.tr](http://www.orge.com.tr).

There are no loans made out to the members of the Board and administrative managers by the Company or any pledges, mortgages or guarantees on their behalf.



**ANNEXES**  
**ANNEX-1**

**BOARD ASSESSMENT ON THE WORKING PRINCIPLES AND EFFICACY OF THE BOARD COMMITTEES**

The committees operating under the Board of Directors consist of the following members:

**Early Risk Detection Committee**

Chairman : Mustafa Çetin Özbudun  
Member : İlhan Şükrü Kaya

**Audit Committee**

Chairman : Mustafa Çetin Özbudun  
Member : İlhan Şükrü Kaya

**Corporate Governance Committee**

Chairman : Mustafa Çetin Özbudun  
Member : Orhan Gündüz  
Member : Ertuğ Ersoy

Regulations organizing the functions and codes of conduct of above-mentioned Committees are adopted as per the Board's resolution of 12.12.2014 no 2014/22, and are made available at the Company's website hosted at [www.orge.com.tr](http://www.orge.com.tr).

In 2019, all committees under the Board have carried out their functions and responsibilities as per the Management Principles and their Regulations and have operated effectively.

The Committees have convened on the following dates in the year 2019 as required for the efficiency of their works and as set out in the Regulations;

**Audit Committee**

Meeting Date: 13.02.2019 / Meeting No: 2019/01  
Meeting Date: 21.02.2019 / Meeting No: 2019/02  
Meeting Date: 06.03.2019 / Meeting No: 2019/03  
Meeting Date: 09.05.2019 / Meeting No: 2019/04  
Meeting Date: 30.07.2019 / Meeting No: 2019/05  
Meeting Date: 11.09.2019 / Meeting No: 2019/06  
Meeting Date: 08.11.2019 / Meeting No: 2019/07

**Early Risk Detection Committee**

Meeting Date: 28.02.2019 / Meeting No: 2019/01  
Meeting Date: 30.04.2019 / Meeting No: 2019/02  
Meeting Date: 28.06.2019 / Meeting No: 2019/03  
Meeting Date: 29.08.2019 / Meeting No: 2019/04  
Meeting Date: 31.10.2019 / Meeting No: 2019/05  
Meeting Date: 31.12.2019 / Meeting No: 2019/06

**Corporate Governance Committee**

Meeting Date: 21.02.2019 / Meeting No: 2019/01  
Meeting Date: 06.03.2019 / Meeting No: 2019/02  
Meeting Date: 31.05.2019 / Meeting No: 2019/03  
Meeting Date: 02.09.2019 / Meeting No: 2019/04  
Meeting Date: 31.12.2019 / Meeting No: 2019/05

The Committees have submitted their reports to the Board containing information about their works and the results of meetings held throughout the year. Accordingly;

-The "Audit Committee", which is responsible for taking the necessary measures for the conduct of all sorts of internal and independent audit in a sufficient and transparent manner as well as effective implementation of the internal audit system, has submitted its proposals to the Board of Directors including their opinions and recommendations relating to the internal audit and internal control system.

-The "Corporate Governance Management Committee", which is formed to monitor the Company's Corporate Management Principles, make improvements in this regard and make recommendations to the Board of Directors, has determined whether the Corporate Governance Principles were observed in the Company, the grounds if they are not observed, and the conflicts of interest arising from incomplete observation of such principles, made recommendations to the Board of Directors for the improvement of Corporate Governance practices, and supervised the works of the investor relations department. On the other hand, duties given to the "Nomination Committee" for the Board Member nomination process within the scope of the Capital Markets Board's (CMB) Corporate Governance Communiqué no II - 17.1 were performed in compliance with the Corporate Governance Principle no 4.5.1 by the "Corporate Governance Committee."

-The "Early Risk Detection Committee", which performs works for the early determination of the risks that may endanger the existence, development and sustainability of the company, implementing necessary measures for the risks determined and managing the risk, has reviewed the Company's risk management systems in compliance with the Corporate Governance Principles Regulations. The Committee also informed the Board of Directors through the bimonthly reports it is required to prepare as per article 378 of the Turkish Commercial Code no 6102.

Within this framework;

The Company was informed about the appropriate and successful efforts made and meetings held by the committees set up within the Board regarding their operations and management activities in 2018 and completed the year 2018 within expectations as the most successful year of its history operationally and financially, making the most of decisions made as a result of such efforts.

However, it is understood that the Corporate Governance Committee needs to finish their efforts urgently regarding necessary improvements in the organizational structure in order to improve the relations with stakeholders and the efficacy in public disclosure activities.

It is considered that, also in consideration of the efforts of the Early Risk Detection Committee, it is possible that our Company can remain least affected from the significant foreign currency value increases and commodity price increases and can even make value increase gains. It is understood that risk management framework should be improved, conceptual framework should be renewed, and standardization efforts should be accelerated, including utilization of financial instruments relating to commodity price risks in the upcoming period.

No problems were found in any of the accounting, independent audit, internal control and supervision etc. activities carried out under the control and supervision of the audit committee. However, works carried out for the purpose of broadening the investor base, and improving the existing efforts to enable existing investors to have access to information by making improvements in the internal audit system to increase integrated efficiency with the risk management system, and realization of improvements in the field of public disclosure at the shortest time possible should be accelerated.

## ANNEX-2

### INDEPENDENCE STATEMENTS OF THE INDEPENDENT MEMBERS OF THE BOARD

ORGE ENERGY AND ELECTRICAL CONTRACTING CO., INC. I am a candidate for functioning as “the independent member” at the Board of Directors (of the Company) under the criteria stipulated by the legislation, the Articles of Incorporation and the Capital Markets Board and within this scope, I hereby declare that;

there is no employment relation in management position that requires taking on important responsibilities and tasks between the Company, partnerships that the Company have management control or important effect on, partners that have management control or important effect on the Company and legal persons on which the partners have management control on and me, my spouse, my relatives up to second degree and relatives by marriage during last 5 years; I do not own more than 5 % of the capital or vote rights or privileged shares alone or jointly; or I didn't enter into critical commercial relation,

That during the last five years, I did not worked in management position that requires taking on important responsibilities and tasks, did not served as Board of Directors member, I am not a partner (5% and over) in companies which audited, (including tax audit, legal audit, internal audit) rated and consulted to the Company and also companies that the Company sell products or buy products from in a considerable extend within the framework of agreements, during the periods when products and services are sold and buy,

That I have the professional education, knowledge and experience to perform my duties that I will undertake as an independent Board Membership,

That I shall not work full-time at governmental agencies and corporations after being elected as member, other than for working as a university lecturer, subject to compliance with the legislation,

That I am considered a resident of Turkey according the Income Tax Law,

I can contribute positively to the Company's operations, will keep my objectivity for conflict of interest between the shareholders, and I have the strong ethical standards, occupational reputation and experience to decide freely in consideration of rights of the stakeholders,

That I shall spare time for the Company needed to follow the running of company operations, and to fully perform the requirements of the position I have undertaken,

That during the past ten years, I did not serve as a member of the board of directors of the company more than six years,

That I do not serve as independent board of member in more than three of the companies that the Company or the partners having management control of the Company has management control on and in more than five of the publicly traded companies,

I am not registered and announced in the name of the legal entity elected as member of the Board,

Mustafa Çetin Özbudun

İlhan Şükrü Kaya