



Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş.

## Corporate Governance Rating Report

Kontrolmatik  
Technologies



11 November 2022

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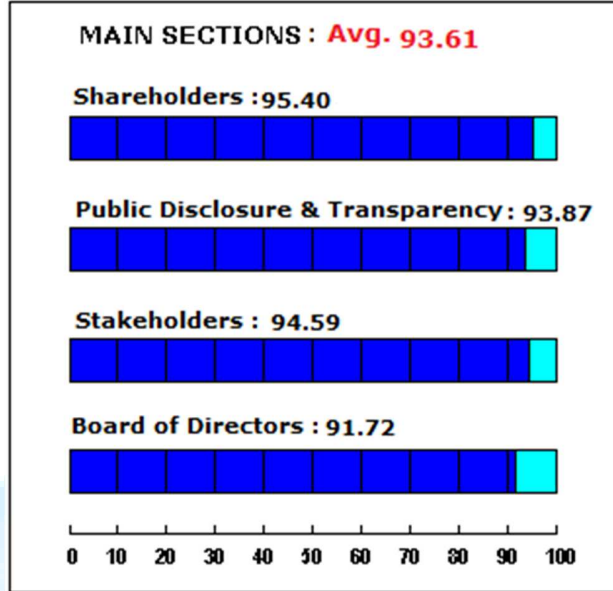
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## Rating and Executive Summary

### KONTROLMATİK TEKNOLOJİ ENERJİ ve MÜHENDİSLİK A.Ş.

 SAHA  
Corporate Governance Rating:

**9.36**



### EXECUTIVE SUMMARY

This report on rating of Kontrolmatik Teknoloji Enerji ve Mühendislik A.Ş.'s compliance with Corporate Governance Principles is prepared upon conclusions following detailed analysis of the Company. SAHA's rating methodology is based on the Capital Markets Board's ("CMB") "Corporate Governance Principles" released on January of 2014.

SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc.. Kontrolmatik Teknoloji Enerji ve Mühendislik A.Ş. is analyzed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on March 10, 2021 can be accessed at <http://www.saharating.com>.

KONTROLMATIK is rated with **9.54** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, Articles of Association and other internal rules and regulations, and measures have been taken to ensure the exercise of these rights. Company carries out the shareholder relations obligations via the "Investor Relations" unit. There are no privileges in exercising voting rights and nominating candidates for the Board of Directors. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation, rules and regulations. The Company has a consistent, publicly disclosed dividend policy. KONTROLMATIK has established a policy on donations and grants, and disclosed it to the public on its web site. There are no restrictions on transfer of shares. The previous and recent versions of Articles of Association are included in the general shareholders' meeting information document. The rate of minority rights in the Company's Articles of Association is adopted as prescribed for public joint stock companies (%5).

KONTROLMATIK attained **9.39** under the **Public Disclosure and Transparency** chapter. There is a comprehensive web site which includes all information listed in the Corporate Governance Principles pertinent to "Public Disclosure". Public announcements are made via all communications channels and are in accordance with the CMB and Borsa Istanbul (BIST) rules and regulations. The Annual Report is also comprehensive and informative. The names, amount and rate of the shares held by the Company's shareholders with more than 5% shares or voting rights are disclosed on the corporate web site. Benefits provided to Board members and senior executives is mentioned collectively in the Annual Report, but a list on individual basis is essential as per the Principles.

On the topic of **Stakeholders**, KONTROLMATIK scored **9.46** KONTROLMATIK protects the interest of stakeholders under good faith principles and within the capabilities of the Company and effective and expeditious compensation is provided in case of violation of the rights. A written compensation policy for the employees is established and disclosed to public on the corporate web site. The Company has an efficient and comprehensive human resources policy. Code of ethics is publicly available on the corporate web site. Various social responsibility projects have been implemented. There is no lawsuit filed against the Company due to any damage to the environment.

From the perspective of the principles regarding the **Board of Directors**, KONTROLMATIK's tally is **9.17**. There is a well communicated Company mission and vision, and the Board fulfills all duties regarding Company needs. There are two executive and two independent members in five-member Board of Directors. CMB criteria are complied with for the appointment of independent members who have each signed a declaration of independence. There is 1 female member on the Board of Directors. Corporate Governance, Audit, and Early Detection of Risk Committees are established within the Board of Directors. The members and working principles of the Committees have been disclosed to the public. Defects and damages that may be caused by the Board members during the execution of their duties have been insured, but not with a coverage exceeding 25% of the capital of the Company. Remuneration of Board members and executives with administrative responsibility as well as all benefits provided are mentioned collectively in the Annual Report. Principles dictate reporting on an individual basis.

## Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's "Corporate Governance Principles" released on January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which has been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose. Additionally; many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all high-level bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the Company's governance practices in future should be mentioned in the annual report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders, and the board of directors.

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 330 sub-criteria. During the rating process, each criterion is evaluated on the basis of information provided by the Company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.


SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.23).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

Shareholders: **25%**  
Public Disclosure and Transparency: **25%**  
Stakeholders: **15%**  
Board of Directors: **35%**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

## Company Overview

<b>Kontrolmatik Teknoloji Enerji ve Mühendislik A.Ş.</b>	
	<p><b>Chairman of the Board</b> Sami Aslanhan</p> <p><b>General Manager</b> Osman Şahin Köşker</p>
Oruç Reis Mah. Tekstil Kent Cad. No:12-B/154 Esenler/Istanbul	<p><b>Investor Relations Manager</b> Metin Demir Tel: (0212) 659 24 41 <a href="mailto:Yatirimci.iliskileri@kontrolmatik.com">Yatirimci.iliskileri@kontrolmatik.com</a></p>

Kontrolmatik was established in 2008 in Istanbul. Headquartered in Istanbul, Esenler, Koza Plaza, the Company provides services with its two factories, one of which is in operation in Ankara and the other under construction, and 8 overseas offices.

Kontrolmatik's main activity is to provide operational technology solutions to domestic and foreign public institutions and private commercial establishments in oil, gas, sugar, fertilizer, paper, cement, mining and similar industrial processes, especially power generation plants, electricity transmission and distribution facilities, in addition to infrastructure projects concerning the transportation sector; to realize integration projects and software of operational technology packages with information technologies; to carry out all turn-key necessary engineering, procurement, construction, testing and commissioning services under a single roof, starting from the basic design scopes to commissioning for all electrical, electromechanical, mechanical, construction and building works for protection, control, monitoring, software, communication infrastructures, and cyber security needs.

Primarily in the energy sector (electricity generation, transmission, distribution, storage), in addition to industrial facilities, mining sites and businesses, and transportation sectors, Kontrolmatik provides services in the following principal fields of activity:

- Operational Technologies and Industrial Software-Control Systems
- Communication, Information Security and Internet of Things (IoT)
- Power Systems and Project Management

Kontrolmatik provides products and services in the main fields of activities listed above, develops technologies in line with its activities, establishes partnerships with international companies with which it has signed long-term solution partnership agreements and formed business plans together, and sells end-to-end and turn-key products, services and systems with its own designs, software, products and solutions. The Company has successfully completed numerous projects in 32 countries.

In the energy Mobile Solutions facility with 4,000 m<sup>2</sup> closed area in Kahramankazan, Ankara, the Company produces portable power generation, transmission and distribution equipment such as mobile substation, e-house, energy storage systems,

mobile hybrid power generation units. The Company will also produce lithium-ion battery cells, energy storage systems and state-of-the-art communication devices in its Ankara Polatlı factory, the foundations of which were laid at the beginning of 2022.

The shares of the Company, which realized its public offering in October 2020, are traded on Borsa Istanbul with the code "KONTR". KONTROLMATIK is a constituent of BIST 100-30 (XYUZO), BIST STARS (XYLDZ), BIST SERVICES (XUHIZ), BIST ALL SHARES (XUTUM), BIST 100 (XU100), BIST PARTICIPATION 50 (XK050), BIST ISTANBUL (XSIST), BIST PARTICIPATION 100 (XK100), BIST PARTICIPATION 30 (XK030), BIST IPO (XHARZ) and BIST PARTICIPATION ALL (XKTUM) indices.

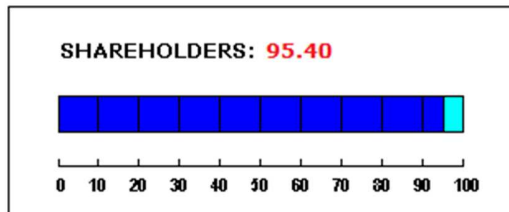
The capital structure of Kontrolmatik Teknoloji Enerji ve Mühendislik A.Ş. is as follows:

<b>Kontrolmatik Teknoloji Enerji ve Mühendislik A.Ş. Capital Structure</b>		
<b>Shareholders</b>	<b>Share Value (TL)</b>	<b>Share (%)</b>
ÖMER ÜNSALAN	60,681,444.3	30.34
SAMİ ASLANHAN	60,681,444.3	30.34
OTHER	78,637,111.4	39.32
<b>TOTAL</b>	<b>200,000,000</b>	<b>100.00</b>

<b>Kontrolmatik Teknoloji Enerji ve Mühendislik A.Ş. Board of Directors</b>			
<b>Members</b>	<b>Title</b>	<b>Executive</b>	<b>Independent</b>
SAMİ ASLANHAN	Chairman	√	
ÖMER ÜNSALAN	Vice-chairman	√	
BURHANETTİN KORAY TUNÇALP	Member		√
BİKEM KANIK	Member		√
MURAT TANRIÖVER	Member		

<b>Corporate Governance Committee</b>	
<b>Members</b>	<b>Title</b>
BİKEM KANIK	Chairwoman
BURHANETTİN KORAY TUNÇALP	Member
MURAT TANRIÖVER	Member
METİN DEMİR	Member
<b>Audit Committee</b>	
<b>Members</b>	<b>Title</b>
BURHANETTİN KORAY TUNÇALP	Chairman
BİKEM KANIK	Member
<b>Early Detection of Risk Committee</b>	
<b>Members</b>	<b>Title</b>
BİKEM KANIK	Chairwoman
BURHANETTİN KORAY TUNÇALP	Member
ÖMER ÜNSALAN	Member
MURAT TANRIÖVER	Member

## SECTION 1: SHAREHOLDERS



### SYNOPSIS

+	Equal treatment of shareholders,
+	Unrestricted shareholder rights to review and receive information,
+	Voting rights are facilitated,
+	No privileges in exercising voting rights and nominating candidates for the Board of Directors,
+	General shareholders' meetings are conducted in compliance with the legislation,
+	No restrictions on transfer of shares,
+	Policy on donations and grants approved at the general shareholders' meeting and disclosed to the public,
+	Investor Relations Unit presents its report on ongoing activities to the Board of Directors,
+	Specific and consistent dividend distribution policy,
=	Minority rights not recognized for shareholders who possess an amount less than one-twentieth of the share capital,

#### 1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

At KONTROLMATIK, the Investor Relations Unit reports to the Corporate

Governance Committee and the Board of Directors on its activities. Investor Relations Manager, Mr. Metin Demir is the holder of Capital Market Activities Level 3 and Corporate Governance Rating Licenses.

The Investor Relations Unit has been established in order to ensure the exercise of the rights of the shareholders and to ensure communication between the Company management and the shareholders. The Investor Relations Unit carries out the following duties within the scope of relations with shareholders:

- a) Ensure that the records of the shareholders are kept in a healthy, secure and up-to-date manner.
- b) Respond to the queries of the shareholders, excluding the confidential and trade secret information that has not been disclosed to the public.
- c) Ensure that the general shareholders' meeting is held in compliance with the applicable legislation, Articles of Association and other Company by-laws.
- d) By communicating with the other units of the Company, prepare the documents that might be used by shareholders in the general shareholders' meeting.
- e) Ensure that the voting results are recorded and related reports are sent to the shareholders.
- f) Supervise all matters related to public disclosure, including the legislation and the Company's disclosure policy.



The Investor Relations Unit submitted its report on the activities carried out to the Board of Directors.

In addition, the Company held 29 Investor Conferences and meetings in 2021. Information and explanations that may affect use of shareholders' rights are available and up to date on the corporate investor relations web site.

### **1.2. Shareholders' Right to Obtain and Evaluate Information:**

There is no evidence of any hindering process or application regarding the appointment of a special auditor at the request of shareholders and no such demand was received within the reporting period.

All kinds of information about the Company required by the legislation are provided in a complete, timely, honest, and diligent manner and there is no fine or warning received in this regard.

The Company has constituted a disclosure policy, submitted it to the general shareholders' meeting held on June 3, 2021 and disclosed to public on the corporate web site.

### **1.3. Minority Rights:**

Maximum care is given to the exercise of minority rights. However, minority rights are not recognized for shareholders who hold an amount less than one-twentieth of the share capital and the Company has adopted exactly the rate foreseen in the legislation for listed companies.

There is no evidence of any conflict of interest between the majority shareholders and that of the Company.

### **1.4. General Shareholders' Meeting:**

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the ordinary general shareholders' meeting held on April 28, 2022 is performed through all means of communication available to the Company on April 1<sup>st</sup>, 2022 in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting; and the exact location where the Annual Report, financial statements and other meeting documents can be examined. A descriptive disclosure document on agenda items has been prepared.

Commencing from the date of announcement of invitation for the general shareholders' meeting; the Annual Report, financial statements and reports, and all other related documents pertaining to the agenda items along with the dividend distribution proposition are made available to all shareholders for examination purposes in convenient locations including the headquarters of the Company, and the electronic media.

Shareholders are informed of the following issues prior to the general shareholders' meeting via the corporate web site:

- a. The total number of shares and voting rights reflecting the Company's shareholding structure as of the date of disclosure, that there are no privileged share groups within the Company capital.
- b. Information on changes in management and activities of the Company and its subsidiaries in the previous fiscal year, or planned for

the upcoming fiscal period which can significantly affect the Company operations.

- c. Grounds for dismissal and replacement of Board members, candidates' backgrounds and tasks carried out in the last decade, the nature and significance level of their relationship with the Company and its related parties, whether they are independent or not, and information on similar issues.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" were not used.

Information submitted to the shareholders prior to the conduct of the general shareholders' meeting was related to the agenda items. An informative document on agenda items has been prepared.

Items on the agenda were conveyed in detail and in a clear and understandable way by the chairman of the meeting and shareholders were given equal opportunity to voice their opinions and ask questions. The minutes of the general shareholders' meeting were disclosed to the public by the Investor Relations Unit on the corporate web site.

Members of the Board of Directors related with those issues of a special nature on the agenda, other related persons, authorized persons who are responsible for preparing the financial statements and representatives of the external audit firm were present to give necessary information and to answer questions at the general shareholders' meeting.

Due to the amendments to the Articles of Association, the old and new versions are included in the general

shareholders' meeting minutes and the information document.

The Company has established a policy on donations and grants and submitted it to the general shareholders' meeting held on June 3, 2021 for approval. Shareholders are informed, with a separate agenda item, of amount and beneficiaries on all donations and grants effectuated during the reporting period.

Furthermore, a clause on participation of stakeholders and media to the general shareholders' meetings with no voting rights, subject to the permission of the chairman of the meeting, is included in the internal directive of the general shareholders' meeting.

#### **1.5. Voting Rights:**

As stated in the Articles of Association, one-share, one-vote principle is adopted. There are no voting privileges at KONTROLMATIK and all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately.

Likewise, shareholders of the Company do not hold any privileges on nominating candidates for the Board of Directors.

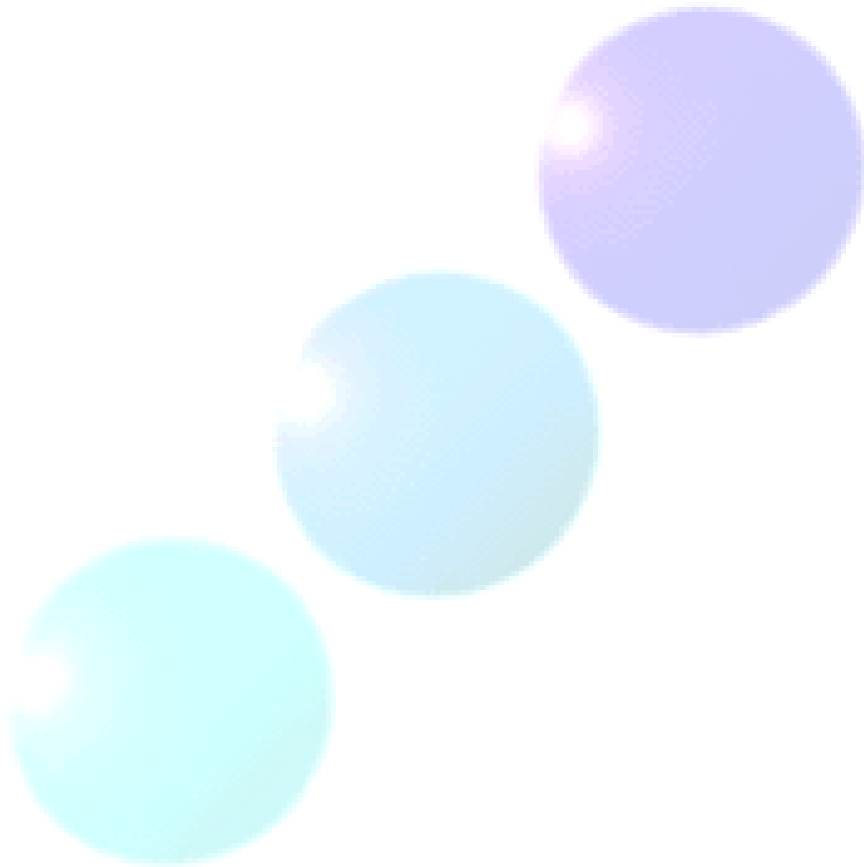
#### **1.6. Dividend Rights:**

The dividend policy of the Company is clearly defined and disclosed to public on the corporate web site. It is submitted to the shareholders at the general shareholders' meeting and is incorporated in the Annual Report. The dividend distribution policy of KONTROLMATIK contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles. A balanced policy is followed between the interests of the shareholders and those of the Company. In addition, a

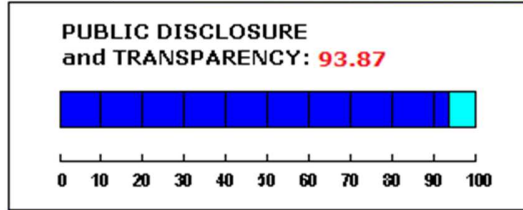
provision on advance dividend payments is included in the Articles of Association.

**1.7. Transfer of Shares:**

Neither the Articles of Association nor any decisions adopted at the general shareholders' meeting contain any provisions that impede the transfer of shares.



## SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



### SYNOPSIS

+	Comprehensive Disclosure Policy, disclosed on the corporate web site,
+	Comprehensive web site, actively used for public disclosure,
+	Annual Report complies with the legislation, comprehensive and informative,
+	Important events and developments disclosed in accordance with the legislation,
+	Ultimate controlling shareholders with a share higher than 5% are publicly disclosed,
+	English version of the web site for international investors,
+	Remuneration policy established and disclosed to public on the corporate web site,
+	Dividend distribution policy disclosed to public via corporate web site,

#### 2.1. Corporate Web Site:

Company's web site is actively used for disclosure purposes and the information contained therein is timely updated.

Along with the information required to be disclosed pursuant to the legislation, the corporate web site includes; trade register information, information about latest shareholder and management structure, final version of the

Company's Articles of Association, publicly disclosed material information,

periodical financial statements, annual reports, prospectuses and circulars and other public disclosure documents, agendas of the general shareholders' meetings and list of participants and minutes of the general shareholders' meeting, form for proxy voting at the general shareholders' meeting, disclosure policy, dividend distribution policy, and ethical rules of the Company.

The names, amount and rate of the shares held by the Company's shareholders with more than 5% shares or voting rights are disclosed on the corporate web site.

The information on the web site has also been prepared in English, close to Turkish content, for the benefit of international investors. However, PDP disclosures are not available in English.

The Company's web site also includes; investor presentations, the donation policy, Committees and their working principles, important Board decisions under the heading of material disclosures, the vision/mission of the Company established by the Board of Directors, information on capital increases for the last 5 years, news, general shareholders' meeting internal guidelines, social responsibility activities, the sustainability report, Realization and Evaluation Report on the Assumptions Based on the Determination of the Public Offering Price prepared within the scope of CMB, information on senior management, Board of Directors' working principles, investor relations contact information, financial data, main ratio analyses, corporate web site disclaimer, protection of personal data, and terms of use and privacy policy.

As per the CMB decision dated January 10, 2019 and numbered 2/49 published on the Bulletin no: 2019/2, The Corporate Governance Compliance Report prepared in accordance with the Corporate Governance Communiqué number II-17.1 must be disclosed through the PDP with The Corporate Governance Compliance Report ("CRF") and the Corporate Governance Information Form ("CGIF") templates.

However, no information about senior management and a timetable on events and developments which may interest investors were found on the web site.

## 2.2. Annual Report:

Annual Report is prepared in detail by the Board of Directors to provide public access to complete and accurate information on the Company and covers information such as;

- a. Period covered by the Report, the commercial title of the Company, contact information,
- b. The names of the chairman and members served on the Board and the Committees during the covered period,
- c. Qualifications of the departments of the Company, general explanations related to their activities and performances, and yearly developments,
- d. Progress on investments, the eligibility status on incentives,
- e. Information on whether changes have been made to the Articles of Association within the reporting period,
- f. Corporate Governance Principles Compliance Report,
- g. Information on related party transactions,

- h. Other issues not included in the financial statements, but are beneficial for users,
- i. Company's capital and ownership structure,
- j. Benefits provided to staff and workers, information on number of personnel,
- k. Explanations on the absence of privileged shares,
- l. The dividend distribution policy,
- m. Basic ratios on the financial position, profitability and solvency,
- n. Company's financing resources and risk management policies,
- o. Information on major events occurred between the closing of the accounting period and the date of the general shareholders' meeting where financial statements are evaluated.

In addition to the content specified in the legislation, the following also took place in the Annual Report:

- a. External duties of Board members and executives,
- b. Declaration of independence of the related Board members,
- c. Members of the Committees within the Board and working principles of the Committees,
- d. Information on legislative changes that may significantly affect the Company's activities,
- e. Major law suits filed against the Company and possible consequences,
- f. Information on the fact that there is no cross shareholding in excess of 5% of the capital,

- g. Benefits and vocational training of employees, and other Company activities that give rise to social and environmental results.

On the other hand, benefits provided to Board members and senior executives are mentioned collectively, but best application of Corporate Governance Principles dictate that this information is given on an individual basis.

### **2.3. External Audit:**

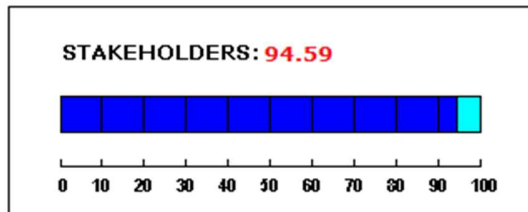
Annual audit of Kontrolmatik Teknoloji Enerji ve Mühendislik A.Ş. and its subsidiaries for the accounting period covering January 1<sup>st</sup> - December 31, 2021 was carried out by Abaküs Bağımsız Denetim A.Ş.

It has been declared that; There has not been a situation during the reporting period where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion. It has been declared that there has been no legal conflict between the Company and the external audit firm.

It has been declared that; Independent audit firm and their audit staff did not provide consulting services for a price or free of charge during the audit period.

It has been declared that; No consulting company in which the external audit firm is in a dominant position either directly or indirectly in management or capital provided any consulting services during the same period.

## SECTION 3: STAKEHOLDERS



### SYNOPSIS

+	Measures to safeguard stakeholders' rights are facilitated,
+	Efficient Human Resources Policy,
+	Stakeholders' views are taken on important decisions,
+	Code of ethics disclosed to the public,
+	Company is socially and environmentally sensitive and respectful,
+	A written employee compensation policy is established and disclosed to the public on the web site,
+	Quality standards of Products and Services are complied with,
=	Succession planning is not documented, but exists in practice,

### 3.1. Company Policy Regarding Stakeholders:

KONTROLMATIK recognizes the rights of stakeholders established by law or through any other mutual agreement. In case the rights of the stakeholders are not regulated by the relevant legislation and protected by contracts, the Company protects the interest of stakeholders under good faith principles and within the capabilities of the Company. Effective and expeditious compensation is provided in case of violation of the rights.

The corporate web site of the Company is also actively used to provide adequate information on policies and procedures towards the protection of stakeholders' rights.

The corporate governance implementation of the Company ensures that its stakeholders, including its employees and representatives, report their concerns regarding any illegal or unethical transactions to the management.

Necessary mechanisms have been established for stakeholders to report illegal and unethical transactions.

In addition, a written compensation policy for employees has been established and disclosed to the public on the Company's web site.

### 3.2. Stakeholders' Participation in the Company Management:

Models have been developed to support the participation of stakeholders in the Company's management without impeding operations of the Company. Although there is no provision in the Articles of Association, employee participation in management is supported by in-house regulations (Kontrolmatik Complaint / Petition / Request Evaluation System). Opinions of stakeholders are taken in important decisions that have consequences for stakeholders.

### 3.3. Company Policy on Human Resources:

The Company has a written human resources policy.

KONTROLMATIK offers equal opportunity to persons with the same

qualifications in recruitment and career planning.

In cases where it is anticipated that changes in managerial duties may cause disruptions in the company management, studies are underway to develop a succession plan for key managerial positions, but have not been implemented yet.

The criteria for hiring are documented in writing and the Company complies with these criteria. All employees are treated with fairness and equality in terms of the benefits provided to them, training programs are provided to enhance employee knowledge, skills and conduct, and training policies are formulated. Informative meetings are held for employees on issues such as the Company's financial situation, wages, career, education and health, and views are exchanged. Meetings held within the Company, year-end evaluation and notification, annual goal-setting and performance evaluation meetings are held with their inclusion in decision-making mechanisms, Committees and projects within the framework of their authority and responsibilities. Requests, notifications and suggestions from employee representatives and employees at locations are forwarded to the management, and senior management can be consulted and participated.

There is no union in the Company.

Recruitment and career planning are conducted on the basis of equality and transparency is ensured.

Job descriptions and distribution of tasks as well as performance and rewarding criteria are announced to the employees. Productivity is a major criterion in determining the salary and other benefits provided.

Measures are adopted to prevent discrimination on the basis of race, religion, language and sex among the employees, to ensure human rights are respected and to protect the employees against internal physical, mental and emotional abuse.

Company officials declared that; Employees are provided with healthy, ergonomic, hygienic and safe working conditions, and necessary precautions are taken.

### **3.4. Relations with Customers and Suppliers:**

KONTROLMATIK has taken all necessary precautions to attain customer satisfaction in the sales and market of its products and services.

Correct and complete information is provided to customers in marketing and sale of the Company services.

There is no evidence of non-market pricing of goods and services.

The Company complies with quality standards of products and services and strives to maintain these standards. KONTROLMATIK is the holder of ISO 9001, ISO 14001, ISO 45001, ISO 50001, ISO 10002 and ISO 27001 management system standards certificates.

Care is taken on the confidentiality of information about customers and suppliers within the framework of protection of trade secrets.

### **3.5. Ethical Rules & Social Responsibility:**

KONTROLMATIK has established its ethical rules and announced it to the public on its corporate website.

The Company expends maximum effort to be sensitive to its social responsibilities in its operations. It



complies with all regulations regarding the environment, consumers and public health, as well as ethical rules.

The Company supports and respects internationally recognized human rights. It also combats all kinds of corruption. This issue has been addressed in the Company's code of ethics and it is aimed to complete the relevant policies by the end of 2022.

The Company continued its cooperation with Tohum Autism Foundation in 2019, 2020 and 2021 within the framework of social responsibility principles. By donating to the Tohum Autism Foundation on behalf of the employees on their birthdays, the Company not only celebrated the birthday of the employees with donation certificates issued in their names, but also contributed to the education scholarship fund for children with autism. In 2022, in the same context, works are carried out together with the Mor Çatı Association.

The corporate memberships of KONTROLMATİK are as follows;

- Sustainability Academy
- GUYAD (Renewable Energy Investment Association)
- TUREB (Turkish Wind Energy Association)
- Sustainable Development Association
- Circular Economy Platform
- TAP (Turkish Waste Battery Association)
- UNGC (United Nations Global Compact -Turkey)
- UN WEP (Women's Empowerment Principles)

- ISO (Istanbul Chamber of Industry) and TUSIAD (Turkish Industry and Business Association) memberships.

### 3.6. Sustainability:

The Company has a Sustainability Policy which is publicly disclosed on the corporate web site. The sustainability principles are described as follows;

In addition to our Diversity, Equality and Inclusion Principle, with the start of our membership to the UN Global Compact (UNGC) Turkey in April 2022, we started to take part in the 'Environment, Sustainable Finance, Gender Equality, Diversity and Inclusion' working groups and work actively.

With our solutions and services, we are already promoting and contributing to many SDGs, but mainly the 4 Sustainable Development Goals (SDG 2030) in line with our corporate sustainability approach and governance. We are committed to actively working for and fulfilling our responsibilities.

- Accessible Clean Energy (SDG 7)
- Responsible Consumption and Production (SDG 12)
- Gender Equality (SDG 5)
- Partnerships for Goals (SDG 17)

The Company's ESG (Environmental, Social and Governance) performance was announced in August. As per the evaluation by TÜV SÜD, which is an accredited institution, KONTROLMATİK's ESG Rating Score is 7.95 out of 10.

In addition, the Company was awarded the "Corporate Sustainable Company" certificate with a score of 7.57 out of 10 in the rating system by TÜV SÜD.

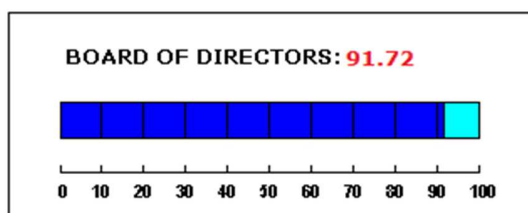
The Company carries out the following activities within the framework of its sustainability commitments;

- As of August 2022, the Company has become a signatory to **UN WEP** (United Nations Women Empowerment Principles).
- Preliminary studies have been initiated for projects that will educate children, youth and women in disadvantaged geographies and communities in wider Polatlı region. The aim is to let them get acquainted with technology, impose sustainability values, and partner them into Company's business.
- Work is in progress to establish a **Sustainability Academy** - Sustainability Ambassadors Academy.
- Negotiations are held with leading NGOs and associations about what can be done for children, youth and women in disadvantaged geographies in Africa in order to support disadvantaged communities in those regions where Company does business.
- As of April 2022, **UNGC Turkey** [ UN Global Compact (UNGC)] membership has been started.
- It is important to support women's workforce in community as well as their visibility in business life. In order to contribute to the welfare of women in communities, the Company has initiated a collaboration with the Mor Çatı Association and

donates accordingly on birthdays of each employee of the Company.

KONTROLMATİK has the relevant reporting in its Annual Report in accordance with the "Sustainability Compliance Principles Framework" published by the CMB. The studies that the Company has/will conduct on sustainability are dealt with extensively both on the web site and in the Annual Report. As of the report date, there has been no penalty or lawsuit filed against the Company due to environmental damage.

## SECTION 4: BOARD OF DIRECTORS



### SYNOPSIS

+	Vision, mission and strategic goals are defined,
+	The Board works efficiently and staffed with qualified members,
+	Two independent Board members,
+	Corporate Governance, Audit, and Early Detection of Risk Committees are established and functional,
+	Principles of remuneration of Board members and senior executives are established and disclosed to the public,
+	The conduct of the Board of Directors meetings is defined in internal regulations and meeting and decision quorums have been included in the Articles of Association,
=	One female Board member,
=	Remuneration and benefits provided to Board members and to managers with administrative responsibility is not disclosed on individual basis,
=	There is manager liability insurance, but with a coverage below the limit determined in the Communiqué,

#### 4.1. Functions of the Board of Directors:

Strategic decisions of the Board of Directors aim to manage the Company's risk, growth, and return balance at an appropriate level and

conduct a rational and cautious risk management approach with a view to the long-term interests of KONTROLMATIK. The Board administers and represents the Company within these parameters.

The Board of Directors has defined the Company's strategic goals and identified the needs in human and financial resources, and controls management's performance. The Board also oversees that Company activities are managed in compliance with the legislation, Articles of Association, internal procedures and established policies.

#### 4.2. Principles of Activity of the Board of Directors:

Board of Directors performs its activities in a transparent, accountable, fair and responsible manner.

Distribution of tasks between the members of the Board of Directors is explained in the Annual Report. The Board of Directors established internal control systems which are inclusive of risk management, information systems, and processes by also taking into consideration the views of the Committees. In this context, the Board reviews the effectiveness of risk management and internal control systems at least once a year.

The presence, functioning, and effectiveness of internal controls and internal audit are explained in the Annual Report. Although the Chairman of the Board of Directors and the General Manager is not the same person, the separation of powers is not included in the Articles of Association. There is no individual in the Company who has unlimited authority to take

decisions on his/her own. The Board of Directors is authorized to take decisions on certain issues, and the chairman and vice-chairman are authorized in operational affairs.

The Board of Directors plays a leading role in maintaining effective communication between the Company and the shareholders and settling any disputes which may arise and works in close coordination with the Corporate Governance Committee and the "Investor Relations" unit.

Defects and damages that may be caused by the Board members during the execution of their duties have been insured, but since the registered capital on the policy date was increased later (September 2022), the coverage amount does not exceed 25% of the Company's capital.

#### **4.3. Structure of the Board of Directors:**

Board of Directors of KONTROLMATIK is composed of five members of which two hold executive duties. There are two independent members who have the ability to execute their duties without being influenced under any circumstances.

No upper limit for the number of independent Board members is mentioned in the Articles of Association. Tenure of office for independent members is designated as three years.

CMB criteria are complied with in determining independent candidates. Independent candidates for the Board of Directors have each signed a declaration of independence within the framework of the legislation, Articles of Association, and the CMB criteria.

The Company has 1 female member in the Board of Directors and has set a timetable to reach to a target of 33% female Board membership rate within

2-3 years. It has been declared that the Board evaluates annually the progress achieved in reaching these targets.

#### **4.4. Conduct of the Meetings of the Board of Directors:**

Board meetings take place with sufficient frequency. Forty meetings were held within the last year. All members allocate sufficient time for all of the Company's business and the rate of participation in each meeting is over 85%.

Chairman of the Board of Directors sets the agenda for Board meetings in consultation with other members and the general manager. Information on the agenda items of the meeting is made available to the members in sufficient time prior to the meeting date.

Each Board member is entitled to a single vote.

The conduct of the Board of Directors meetings is documented in the Articles of Association and meeting and decision quorums have also been included in the Articles of Association of the Company.

There are no certain rules or limitations for Board members taking on additional duties as executives and/or Board members, advisors outside the Company, and the Company has declared that this situation does not cause any conflict of interest.

Shareholders are informed of external duties of the Board members through the Annual Report and the Corporate Governance Compliance Report

#### **4.5. Committees Established Within the Board of Directors:**

Corporate Governance, Audit, and Early Detection of Risk Committees are established from within the Board of

Directors in order to fulfill its duties and responsibilities duly.

Functions of the Committees, their working principles, and members are designated by the Board of Directors and disclosed to public on the PDP. Related PDP links have also been included on the Company's web site.

All members of the Audit Committee are elected among the independent Board members. Also, the chairmen of the Corporate Governance and Early Detection of Risk Committees are elected among the independent Board members. The Audit Committee is composed of two, Early Detection of Risk and the Corporate Governance Committees are composed of four members each. The General Manager (CEO) is not on the Committees. There is no executive Board member in any one of the three Committees.

All necessary resources and support needed to fulfill the tasks of the Committees are provided by the Board. Committees can invite any manager as they deem necessary to their meetings and obtain their views.

The frequency of Committee meetings is sufficient, all activities are documented and records are kept. Reports containing information about the activities and the resolutions of the meetings are submitted to the Board of Directors.

Audit Committee supervises the operation and efficiency of the Company's accounting system, public disclosure, external audit and internal audit systems, reviews complaints that are received by the Company regarding Company accounting, internal and external independent audit systems and finalizes them.

The Committee also determines the methods and criteria to be applied for the evaluation of the Company's

employees' notifications on accounting and independent auditing in the framework of confidentiality principle. In addition, notifies the Board of Directors in writing about their findings, assessments and recommendations related to their area of responsibility.

Following taking the opinion of responsible managers of the Company and the external auditor, the Audit Committee notifies the Board in writing on whether the annual and interim statements to be disclosed to the public is in accordance with the Company's accounting principles, true and accurate.

The Committee has convened at least four times during the course of the reporting period. Audit Committee members possess the qualifications listed in the Corporate Governance Principles Communiqué.

The nomination and election process of the external audit firm, taking into account its competence and independence, starts with a proposal from the Audit Committee to the Board and ends with the Board's choice being presented and approved at the general shareholders' meeting.

The Corporate Governance Committee fulfills the duties and responsibilities specified in its working principles and undertakes the duties assigned to it by the Articles of Association and the Corporate Governance Communiqué. The main purpose of the Corporate Governance Committee is to assist the Board of Directors in complying with corporate governance principles, including the regulation of the investigations in case of non-compliance with corporate governance principles and identifying conflicts of interest, to oversee the investor relations unit and to fulfill the duties which belong to a Nomination Committee and a Remuneration Committee.

One of the main duties of the Nomination Committee is to prepare a report on the candidates proposed by the Board of Directors and shareholders, taking into account whether the candidate meets the independence criteria and submit this evaluation as a report to the Board for approval. This duty is included in the charter of the Corporate Governance Committee. In the upcoming rating periods, it will be monitored whether this process is followed in the case of new candidates.

Since the Remuneration Committee is not established, its duties are carried out by the Corporate Governance Committee. The Company's remuneration policy, in which the principles of remuneration of the members of the Board of Directors and executives with administrative responsibility, are determined and disclosed to the public on the corporate web site.

We will closely monitor the activities of the Corporate Governance Committee in the following periods and when necessary, within the reporting period; to discuss and take a recommendation on the determination of the remuneration of the members of the board of directors, to update, change and re-evaluate the principles, criteria and practices to be used in remuneration, and to present the opinions to the Board of Directors.

The Early Detection of Risk Committee carries out its tasks towards early detection of risks which may jeopardize the Company's assets, its development and progression, and measures taken to mitigate and manage those risks. It reviews risk management systems four times a year and finalizes relevant reports.

#### **4.6. Remuneration of the Board of Directors and Managers with Administrative Responsibility:**

The principles of remuneration of Board members and senior executives have been documented in writing and submitted to the shareholders as a separate item at the general shareholders' meeting held on April 27, 2021. A remuneration policy prepared for this purpose can be found on the Company's web site.

Stock options or performance-based payments are not included in the remuneration package of the independent Board members. Their remuneration is designated at a level to maintain their independence

KONTROLMATIK does not lend any funds or extend any credits to a member of the Board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

The executives have the required professional qualifications in order to perform the assigned duties. The executives comply with the legislation, Articles of Association, and in-house regulations and policies in fulfilling their duties.

There have been no cases where the executives used confidential and non-public Company information in favor of themselves or others. There are no executives who accepted a gift or favor directly or indirectly related to the Company's affairs, and provided unfair advantage.

Remuneration of Board members and managers with administrative responsibility as well as benefits provided are mentioned collectively in the Annual Report. Full implementation of Corporate Governance Principles dictates reporting on an individual basis.

## Rating Definitions

Rating	Definition
<b>9 - 10</b>	The company performs very good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated. Deserved to be included in the BIST Corporate Governance Index on the highest level.
<b>7 - 8</b>	The company performs good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated. Deserved to be included in the BIST Corporate Governance Index.
<b>6</b>	The company performs fair in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Deserved to be included in the BIST Corporate Governance Index and management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
<b>4 - 5</b>	The company performs weakly as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<b>&lt;4</b>	The company performs very weakly and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.

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