



## ***Corporate Governance Compliance Rating Report***



***Çan 2 Termik A.Ş.***

26 May 2025

Validity Period 26.05.2025-26.05.2026

## LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for **ÇAN 2 TERMİK A.Ş.**

has been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17,1) (II-17,1.a)" published in the Official Gazette No. 31262 on 02 October 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the "Corporate Governance Communiqué No. II-17.1" of the Capital Markets Board published in the Official Gazette dated 03 January 2014 and numbered 28871

The criteria established for the companies whose shares are traded at BIST are organized separately as First Group, Second Group and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of communiqué no II-17.1, published in the Official Gazette on 03.01.2014.

The Corporate Governance Compliance Rating Report prepared by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. has been issued by considering the documents and information contained within 106 files submitted electronically by the relevant company, data publicly disclosed via the company's official website, the Independent Audit Report dated 11.03.2025 by AS Bağımsız Denetim YMM A.Ş. regarding the 2024 operating results, and examinations and interviews conducted about the relevant company through our experts.

Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Companies, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website ([www.kobirate.com.tr](http://www.kobirate.com.tr)).

Although the rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed according to the methodology disclosed.

The rating grade does not constitute a recommendation to purchase, to hold or to dispose of any kind of borrowing instrument. KOBİRATE A.Ş. may not be held liable for any losses incurred or investments made to the company referring to this report.

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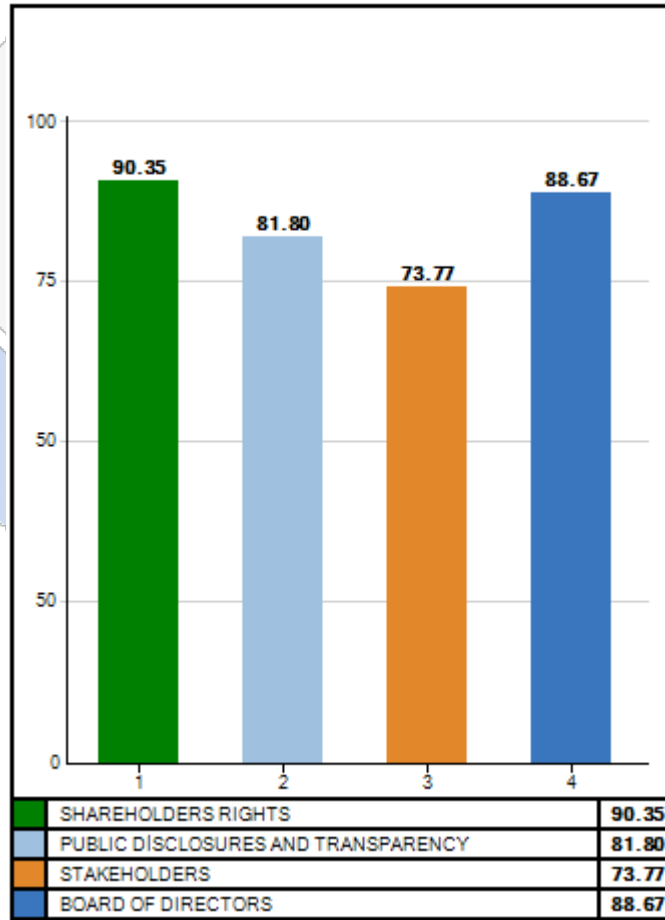
## ÇAN 2 TERMİK A.Ş.

### 1- RATING RESULT

BIST FIRST GROUP COMPANY

CMB CORPORATE GOVERNANCE  
PRINCIPLES COMPLIANCE GRADE

8.51





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Serap ÇEMBERTAŞ

(License Number: 700342)

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## 2- RATING SUMMARY

This report, concerning the rating of **ÇAN 2 TERMİK A.Ş.**'s compliance with Corporate Governance Principles, has been prepared based on documents and information contained within 106 files submitted electronically by the company, examinations performed on these documents, interviews conducted with managers and relevant individuals, publicly available information, as well as other detailed reviews and observations. The study has been held in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.

In the methodology and rating process, in addition to the Capital Markets Board's Corporate Governance Communiqué No. II-17.1, the Communiqué Amending the "Corporate Governance Communiqué (II-17.1) (II-17.1.a)" published by the Board has been considered in addition to the regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105.

According to the decision of the Board decision body dated 16.01.2025 and numbered 3/76, **ÇAN 2 TERMİK A.Ş.** is included in the BIST 1st Group Companies list. The Company has been evaluated through examination of 456 criteria described in Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.'s methodology of "BIST 1st Group Companies".

At the end of examination of criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors, Corporate Governance Compliance Rating Grade of **ÇAN 2 TERMİK A.Ş.** has been determined as **8.51**.

This result signifies that **ÇAN 2 TERMİK** has achieved a significant level of compliance with CMB's Corporate Governance Principles and deserves to be on the BIST corporate governance index.

The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are operational and in place, although some improvements are required. Potential risks to which the Company may be exposed are identified and can be managed. The rights of the shareholders are impartially taken care of. Public disclosure transparency activities are conducted at a good level. The interests of the stakeholders are fairly considered. The composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles, even though they do not constitute serious risks.

In view of the rating process under main headings in brief;

It has been seen that the Company has obtained a grade of **90.35** in the Shareholders Section and achieved a good level of compliance with CMB Corporate Governance Principles. The existence of the Investor Relations Department to conduct a healthy relationship with shareholders, duly convention of general assemblies, non-existence of voting rights privilege, preparation of dividend policy and having no restrictions on transfer of public shares are among positive policies.

**ÇAN 2 TERMİK A.Ş.** has achieved a grade of **81.80** for the section on Public Disclosure and Transparency. It has prepared disclosure policy and revealed it to public. Its corporate website has been designed to allow investors easy access to the information they require, as described by Principles.

There are areas for improvement in the annual report; however, the information provided is found to be quite clear in terms of content. It has been determined that the Company is in compliance with the principles in the field of public disclosure and transparency.

The Company has obtained **73,77** in the Stakeholders section.

The Company has achieved significant compliance with CMB's Corporate Governance Principles, which are in this section. However, the company still requires certain improvements. Issues concerning employees, such as recruitment, job descriptions, performance evaluation, promotion, rewards, leaves and social rights, have been disclosed to the employees by means of contracts and regulations.

Work processes and standards have been established and it has been observed that customers and suppliers are informed about these processes.

Methods to procure products and services from outside have been determined and put into written documents.

As for the Board of Directors Section, the Company's grade is **88,67**, representing good compliance with CMB's Corporate Governance Principles. However, the company still requires certain improvements.

It has been confirmed that the Board of Directors has set Company's strategic goals, audits performance of company management and pays further attention for company affairs to be in compliance with the legislation, the Articles of Association and internal regulations.

The Audit, Corporate Governance and Early Risk Detection Committees, referred to by the Principles, have been established, and their working principles have been prepared as written documents. Determining the remuneration principles for the Board of Directors and senior executives and publishing these on the company's corporate website have been seen as positive practices in terms of compliance with corporate governance principles.

However, no financial liability insurance has been taken out to cover potential damages resulting from faults committed by board members during their duties.

The board includes two independent members but currently has no female members of the board of directors.

### 3- RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system which audits whether or not the firm's management structures and management styles, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with the modern corporate governance principles and which assigns a grade corresponding to the existing situation.

Organization for Economic Co-operation and Development (OECD) established a working group in 1998 in order to assess member countries' opinions on corporate governance and to prepare some non – binding principles.

The fact that principles are open to change in time was also accepted at this work. Although at first these principles were focused on the companies whose shares were quoted in stock exchange, it was emphasized by OECD that it would be also useful to implement these principles in public enterprises and companies whose shares were not quoted in stock exchange.

In 1999, OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers and published. Since then, these principles have been regarded as international references for the decision – makers, investors, shareholders, companies and stakeholders throughout the world.

Since their approval, these principles have kept the concept of corporate governance on the agenda and become guidelines for the laws and regulations of OECD members, as well as other countries. The Corporate Governance Principles, first announced by the OECD in 1999, were updated for the first time in 2004 and took their final form in Istanbul on April 10, 2015, during Turkey's G20 Presidency.

There are four basic principles of corporate governance in OECD Corporate Governance

Principles. These are: fairness, transparency, accountability and responsibility.

Turkey has been closely monitoring these developments. A working group established within TUSIAD in 2001 prepared the guide titled "Corporate Governance: The Best Implementation Code." Then, CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013, 2014 and 2020 according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "comply or explain," and to declare it became part of companies' lives in 2004. Putting the Declaration of Compliance to Corporate Governance in the annual reports became obligatory the following year.

The CMB has decided to create a new corporate governance reporting framework, and the new framework has been shared with the public with the Capital Markets Board Bulletin dated 10.01.2019 and numbered 2019/2 and the announcement dated 11.01.2019. Within the scope of the new reporting framework, it has been decided that the explanations will be made in the following order. Disclosure of the Compliance Report Format ("CRF") to report compliance with voluntary principles and disclosure of the Corporate Governance Information Form ("CGIF") to provide information on current corporate governance practices. In accordance with the Turkish Commercial Code and the CMB's Corporate Governance Communiqué (II-17.1), CRF and CGIF must be announced on the Public Disclosure Platform at least three weeks before the date of the general assembly meeting on the same date as the annual activity reports, and before the due date of the announcement period of the annual financial reports on the Public Disclosure Platform.

The Communiqué on Amending the "Corporate Governance Communiqué (II-17.1)" published in the Official Gazette numbered 31262 on



October 2, 2020, by the Capital Markets Board (II-17.1.a) and regulations regarding the voluntary sustainability principles compliance framework were included.

The compliance framework has been published on the Capital Markets Board website. The Sustainability Compliance Framework is examined under the Headings A- General Principles B- Environmental Principles C- Social Principles D- Corporate Governance Principles.

The practice has been determined according to the "Comply or Explain" principle. It is anticipated that the annual reports include whether the sustainability principles are applied or not, and if not, a reasoned explanation and an explanation of the effects that have occurred. In case of a significant change during the period, it is anticipated that the relevant change will be included in the interim annual reports.

The principles are grouped under four main headings, namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors.

The Corporate Governance Compliance Rating Methodology, revised in February 2022, has been prepared by Kobirate A.Ş. for companies whose shares are traded on BIST, banks, investment partnerships and non-quoted companies.

It has been prepared by considering Communiqué Amending the "Corporate Governance Communiqué (II-17.1) (II-17.1.a)" published in the Official Gazette No. 31262 on 02 October 2020 by the Board, as well as regulations regarding the voluntary sustainability principles compliance framework and the board decisions taken at the CMB's board meeting dated 01.02.2013 and numbered 4/105 in addition to the criteria specified in the "Corporate Governance Communiqué No. II-17.1" of the Capital Markets Board published in the Official Gazette dated 03 January 2014 and numbered 28871.

In this analysis, the full compliance of workflow and analysis technique with Kobirate A.Ş.'s Ethical Rules is considered.

456 criteria are used in the rating process for BIST 1st Group Companies in order to measure the compliance of firms with corporate governance principles. These criteria are translated into "Corporate Governance Rating Question Sets" through Kobirate A.Ş.'s unique software PERFECRATE.

The weighting scheme for the four main sections in the new Corporate Governance Compliance Rating, determined by CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, is applied completely by Kobirate A.Ş. The weightings are as follows:

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

CMB decision dated 01.02.2013 and numbered 4/105 states that in case the minimum requirements of corporate governance principles are met, 85 % of full points can be given at most for that principle, and it is required to add new questions/methods into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements are included in the rating grade. Our company has been informed about this requirement by CMB notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452.

In the FEBRUARY 2022 revised corporate governance compliance rating methodology, created by our company, the grade that can be given to a related criterion in that subsection for meeting minimum requirements of corporate governance principles, stated by CMB Communiqué of Corporate Governance published on 03.01.2014 is restricted to 85% of the full points.

A rating is made with a system that completes the section grades up to 100 by the company's

compliance and implementation of the corporate governance practices, which include the good implementation and internalization of the criteria determined in the corporate governance principles, and the different good corporate governance practice criteria determined by our company.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, “10” points mean excellent, full compliance with CMB’s Corporate Governance Principles while grade “0” means that there is no compliance with CMB’s Corporate Governance Principles, in any sense, in the existing weak structure.

In this report, the following symbols have the following meanings:

✓ Due / Correct Application of CMB’s Corporate Governance Principles,

✗ Improper / Erroneous Application of CMB’s Corporate Governance principles,

✓/✗ Practices required to be improved in compliance with CMB’s Corporate Governance Principles.

#### 4- COMPANY PROFILE



**Company Name** : ÇAN 2 TERMİK A.Ş.  
**Company Address (Headquarters)** : BARBAROS MAHALLESİ BAŞAK CENGİZ SOKAK VARVAP  
MERİDİAN SİTESİ NO:1 1D VİLLA 4 34746 BATI ATAŞEHİR  
İSTANBUL  
**Company Phone** : 0 (216) 474 1 474  
**Company Fax Number** : 0 (216) 474 1 474  
**Company's Web Address** : [www.can2termik.com.tr](http://www.can2termik.com.tr)  
**Email** : [iletisim@can2termik.com.tr](mailto:iletisim@can2termik.com.tr)  
**Date of Incorporation** : 04.09.2013  
**Trade Registry Number** : İSTANBUL 886148  
**Paid-in Capital** : 7.000.000.000. TL  
**Line of Business** : Electricity Generation  
**Company's Sector** : ELECTRICITY, GAS AND WATER / ELECTRICITY, GAS AND  
STEAM

**Company's Representative in Charge of Rating:**

**MELİH YÜCEYURT**

**Director of Finance and Investor Relations**

[yatirimciiliskileri@can2termik.com.tr](mailto:yatirimciiliskileri@can2termik.com.tr)

**(0216) 474 1 474**

## ÇAN 2 TERMİK A.Ş.

### Quality of Shareholder Structure

Shareholder Name	Share(TL)	Share(%)	Share in Voting Right %
ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.	2,799,982,397.49	40.00	40.00
OTHER	4,200,017,602.51	60.00	60.00
<b>TOTAL</b>	<b>7,000,000,000.00</b>	<b>100.00</b>	<b>100</b>

Source: [www.kap.org.tr](http://www.kap.org.tr)

### Board of Directors

Name/ Surname	Title	Executive/ Non - Executive	Date of Inauguration
BURAK ALTAY	Chairman	Executive	08.09.2014
ALİ KEMAL KAZANCI	Deputy Chairman	Executive	28.07.2020
MUSTAFA ALİ ÖZAL	Member of Board of Directors	Non - Executive	19.01.2021
UMUT APAYDIN	Independent Member of Board of Directors	Non - Executive	19.01.2021
SABRİ SİPAHİ	Independent Member of Board of Directors	Non - Executive	17.04.2025

Source: [www.kap.gov.tr](http://www.kap.gov.tr)

### Senior Management of the Company

Name/ Surname	Duty
MELİH YÜCEYURT	Director of Finance and Investor Relations
ADEVİYE DEMİR PEKMEZCİ	Director of Accounting and Reporting
İLKNUR YILMAZ COŞKUN	Legal Director
CANER DEMİRAYAK	COO
BÜLENT BARUT	Plant Manager
AHMET GÖKSAL CAN	Head of Electricity Generation Group

Source: [www.kap.gov.tr](http://www.kap.gov.tr)

The members of the Company's Audit, Corporate Governance and Early Detection of Risk Committees are listed below. The company has not established Nomination and Remuneration Committees; instead, the duties of these committees are carried out by the Corporate Governance Committee in accordance with its Duties and Working Principles.

Committee	Committee Members	Position within Committee	Position in Company
<b>Audit Committee</b>	UMUT APAYDIN	Chairman	Independent Member of Board of Directors
	Sabri SİPAHİ	Member	Independent Member of Board of Directors
<b>Corporate Governance Committee</b>	UMUT APAYDIN	Chairman	Independent Member of Board of Directors
	Sabri SİPAHİ	Member	Independent Member of Board of Directors
	Melih YÜCEYURT	Member	Director of Finance and Investor Relations
<b>Early Detection of Risk Committee</b>	Sabri SİPAHİ	Chairman	Independent Member of Board of Directors
	UMUT APAYDIN	Member	Independent Member of Board of Directors

<b>Sustainability Committee</b>	Sabri SİPAHİ	Chairman	Independent Member of Board of Directors
	UMUT APAYDIN	Member	Independent Member of Board of Directors
	Melih YÜCEYURT	Member	Director of Finance and Investor Relations

<b>Investor Relations</b>	Melih	YÜCEYURT	DIRECTOR OF FINANCE AND INVESTOR RELATIONS
	Atakan	SAVAŞ	INVESTOR RELATIONS SPECIALIST

Source: [www.kap.gov.tr](http://www.kap.gov.tr)

### Balance-Sheet comparison of the Company's certain selected items of the last two years (Thousand TL)

	2023/12	2024/12	Change % (2023-2024)
Current Assets	6,123,904,865	5,341,309,745	-12.78
Fixed Assets	19,522,512,399	20,489,519,956	4.95
Total Assets	25,646,417,264	25,830,829,701	0.007
Short-Term Liabilities	1,179,323,550	3,194,686,764	170.89
Long-Term Liabilities	170,834,166	91,920,142	-46.19
Paid-in capital	938,116,903	7,000,000,000	646.18
Equity	24,296,259,548	22,544,222,795	-7.21
Total Liabilities	25,646,417,264	25,830,829,701	0.007

Source: Independent Audit Report of Çan 2 Termik A.Ş. for the period 01.01.2024–31.12.2024 dated 11.03.2025. All amounts are stated in TL based on the purchasing power of the Turkish Lira as of 31.12.2024 unless otherwise indicated.

**Income Comparison of Company's Certain Selected Items for yearends of last two years  
(Thousand TL)**

	2023/12	2024/12	Change % (2023-2024)
Revenue	8,418,613,192	6,103,803,008	-27.50
Cost of Sales	(7,017,529,730)	(5,095,322,532)	-27.39
Main Operational Profit / Loss	872,837,098	424,030,384	-51.42
Net Profit/Loss	645,027,971	(1,232,468,314)	-291.07

Source: Çan 2 Termik A.Ş. Independent Audit Report dated 11.03.2025 for the period 01.01.2024–31.12.2024  
Unless otherwise stated, all amounts are expressed in Turkish Lira (TL) based on the purchasing power of TL as of December 31, 2024.

**Subsidiaries, Financial Fixed Assets and Financial Investments**

Trade Name	Line of Business	Capital	Share (%)
Çan 2 Trakya Kömür Maden A.Ş.	Mining	550,000,000 (TRY)	100.00
Yel Enerji Elektrik Üretim San. A.Ş.	Mining	6,000,000 (TRY)	100.00
Denarius Pumping Services LLC	Investment Projects	6,500 (USD)	65.00
Denarius Pumping Services de Venezuela CA	Investment Projects	130,000 (VEF)	65.00

Source: [www.kap.org.tr](http://www.kap.org.tr)

**The Market where the Capital Market Instrument is Traded and the Indexes that the Company is Included**

**BIST Code** : CANTE

**Market where the Capital Market Instrument is Traded** : YILDIZ PAZAR

**Indices in which it is included** : BIST 100 / BIST TÜM / BIST KATILIM 30 / BIST ELEKTRİK / BIST KATILIM 50 / BIST 500 / BIST YILDIZ / BIST HİZMETLER / BIST KATILIM TUM / BIST KATILIM 100 / BIST 100-30

Source: [www.kap.org.tr](http://www.kap.org.tr)

**Peak and Bottom Closing Values of Company shares traded at BIST  
between 15.05.2024-15.05.2025**

Bottom (TL)	Peak (TL)
1.36 (04.03.2025)	2.43 (16.05.2024)

Source: Çan 2 Termik A.Ş. Investor Relations

## Brief History of the Company and Information About Its Operations

Çan2 Termik A.Ş. has been operating in the energy sector under the ODAŞ Group since 2013.

Located in Yayaköy, Çan district of Çanakkale province, our power plant has an installed capacity of 340 MWm / 330 MWe and runs entirely on domestic coal (lignite). It received Ministry Acceptance and commenced commercial operations as of 01.08.2018.

Considering current sector conditions, the most advantageous electricity generation methods have been targeted at our plant. Additionally, it ranks among the country's highest-calorific lignite-fired power plants.

Çan2 Thermal Power Plant, which started stable production by the end of March 2019, received its Emission Environmental Permit on 06.12.2019 thanks to its existing flue gas treatment systems. It is currently the only thermal power plant in Turkey that uses pulverized combustion technology and domestic lignite coal with an environmental permit.

Çan2 Thermal Power Plant is owned by Çan2 Termik A.Ş. within the ODAŞ Enerji Şirketler Grubu and operates in the field of electricity generation using domestic lignite coal.

### 2013

With a vision to utilize high-calorific domestic coal resources to adopt the most advantageous electricity generation methods, the Group acquired 92% of Çan2 Termik A.Ş., which held a prepaid royalty right.

### 2014

The investment process for the power plant with an installed capacity of 340 MWm / 330 MWe was initiated.

### 2016

Çan2 Thermal Power Plant received a "Generation License" from the Energy Market Regulatory Authority.

### 2018

The power plant, approved by the Ministry of Energy and Natural Resources, commenced commercial operations on 01.08.2018.

### 2019

Following the completion of the ramp-up phase, Çan2 Thermal Power Plant transitioned to stable production. The "Environmental Permit and License Certificate" was obtained from the Ministry of Environment and Urbanization.

### 2020

ODAŞ increased its ownership in Çan2 Termik A.Ş. to 100%.

### 2021

As of 30/04/2021, Çan2 Termik A.Ş. started trading on Borsa İstanbul Yıldız Pazar.

### 2023

The Company closed all loans under its project financing.

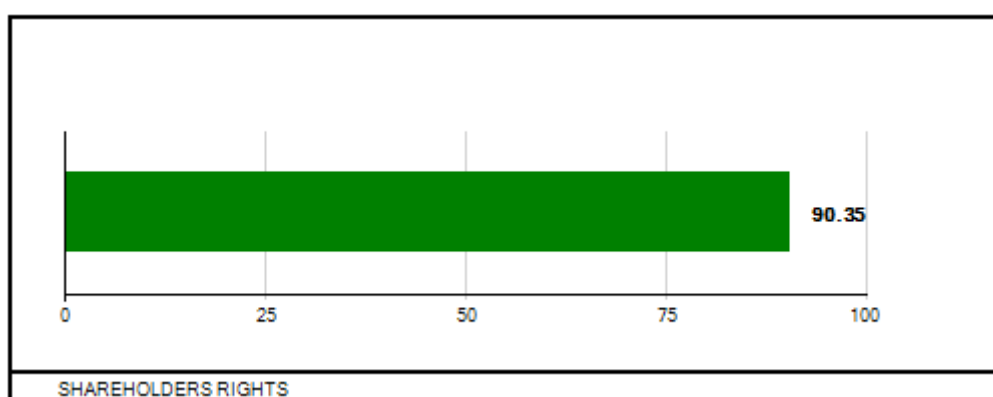
### 2024

ODAŞ's ownership in Çan2 Termik A.Ş. was realized as 40%.



## 5- RATING SECTIONS

### A. SHAREHOLDERS



#### Overview

- ✓ Investor Relations Unit has been established to conduct relations with shareholders.
- ✓ The Manager of the Investor Relations Department has been employed on a full-time basis.
- ✓ The Investor Relations Department plays an active role in facilitating and safeguarding shareholder rights, particularly the rights to obtain information and perform reviews.
- ✓ At the general assembly meeting, the shareholders were informed about the amount of donations and aid made during the period.
- ✓ There are no arrangements making the exercise of voting rights difficult.
- ✓ There is no privilege for voting.
- ✓ A profit distribution policy has been established and disclosed to the public.
- ✓ There is a regulation in the Articles of Association regarding the possibility of making advance dividend payments.
- ✓/✗ It would be appropriate for the articles of association to include a provision stating that General Assembly meetings shall be held open to the public.
- ✓/✗ It would be appropriate for the articles of association to include a provision granting minority rights to shareholders owning less than one-twentieth of the capital and for the extension of minority rights.
- ✓/✗ If the agenda of the General Assembly meeting includes the dismissal, replacement, or election of board members, it would be appropriate to announce the reasons for dismissal or replacement and the résumés in a way that draws the attention of investors.
- ✓/✗ During the General Assembly meeting, shareholders were not informed about the beneficiaries of donations made throughout the year.
- ✓/✗ It would be appropriate to submit the Donation and Aid Policy and the Dividend Distribution Policy for the approval of the General Assembly.

In this section, as stated by CMB's Corporate Governance Principles, the company was evaluated on 111 different criteria under the headings of **Facilitating the Exercise of Shareholders' Rights, Shareholders' Right to Obtain Information and to Examine, Shareholders' Right to Attend the General Assembly, Shareholders' Right to Vote, Rights of Minority Shareholders, Shareholders' Right for Dividend and Shareholders' Right to Transfer Their Shares** to whomever they want, whenever they want.



The company's grade for this section is **90.35** points.

**a. Facilitating the Exercise of Shareholders' Rights**

The Investor Relations Department of Çan 2 Termik A.Ş. operates under the direct supervision of the Finance and Investor Relations Directorate. The department is managed by the Director of Finance and Investor Relations, Mr. Melih YÜCEYURT. Mr. YÜCEYURT holds the Capital Markets Level 3 License and Corporate Governance Rating License required by the Corporate Governance Communiqué and has been appointed to the Corporate Governance Committee.

The Investor Relations Department has been structured in accordance with Article 11 of the Corporate Governance Principles, and its employees have been observed to possess the necessary knowledge and experience required by their roles. They actively facilitate and protect shareholder rights, especially the rights to obtain information and conduct reviews.

Throughout the year 2024, inquiries from shareholders on various matters were answered clearly, precisely, and in detail, both verbally and in writing via telephone and e-mail. Provided the information did not fall under trade secret protection, each question was answered in a manner satisfactory to the investors.

The Investor Relations Department submits periodic reports to the Board of Directors once a year.

It has been determined that the Company has achieved good compliance with the Corporate Governance Principles in this subsection.

**b. Right to Obtain Information and to Examine**

The information required for the proper exercise of shareholders' rights are presented to the shareholders and to this end the company's corporate website

<https://www.can2termik.com.tr> is used as an efficient platform.

Any data that might affect the exercise of shareholders' rights is currently at the disposal of shareholders on the official Internet website.

The "Disclosure Policy," adopted by the Company's Board of Directors with resolution dated 06.12.2021 and numbered 2021/24, is published on the corporate website. Shareholders' right to obtain information is explained in detail in the aforementioned policy.

All information concerning the company has been given on time, truthfully and completely. There have been no warnings or penalties on this issue given by Regulatory authorities.

It has been learned that inquiries of shareholders have been responded rapidly and care has been given to let shareholders exercise their right to obtain information and to examine.

Shareholders' right to obtain information and to examine is not canceled or restricted by the Articles of Association or any department of the Company.

There is no provision in the Company's articles of association regarding shareholders' right to request the appointment of a special auditor from the general assembly.

It would be appropriate to present the company's disclosure policy for the approval of the General Assembly.

In this subsection, company practices are well in accordance with the principles.

**c. Right to Attend the General Assembly**

Pursuant to the Board of Directors' resolution numbered 2024/21 dated 14.11.2024, the Ordinary General Assembly Meeting for the 2023 fiscal year was held on Wednesday, 17.12.2024 at 10:00 a.m. at the company

headquarters located at Nidakule Kuzey Ataşehir, Barbaros Mahallesi, Begonya Sokak No:3, B3 Katı, 34746 Ataşehir, İstanbul.

The invitation to the meeting was duly announced on 14.11.2024 via the Public Disclosure Platform (PDP), the Electronic General Assembly System (EGAS) of the Central Registry Agency, on Türkiye Trade Registry Gazette dated 14.11.2024 and numbered 11211 and on the company's corporate website. The date, time, place, agenda and the sending department have been clearly described in the invitation.

It has been understood that the financial statements, annual report, audit reports, profit distribution proposal of the board of directors, notifications and explanations required by the partnership in accordance with the relevant legislation and Corporate Governance Principles, which should be made available for the examination of the shareholders within the framework of Article 437 of the TCC numbered 6102, were submitted to the information of the shareholders 3 weeks in advance.

It was concluded that the General Assembly meeting was organized in a manner aimed at maximizing shareholder participation without causing inequality among shareholders and enabling attendance at the lowest possible cost.

Along with the general assembly meeting announcement, the information note prepared in accordance with the Article 1.3.1 General Assembly of the Capital Markets Board's Corporate Governance Communiqué No. II-17.1 was published on the company's website.

In this document, it has been determined that information on the total number of shares and voting rights reflecting the shareholding structure of the company as of the date of disclosure, whether there are privileged shares in the company's capital are shared with the shareholders. Similarly, it has been seen that information about the changes that

will significantly affect the management and activities of the partnership and its subsidiaries, requests of the shareholders to add an item to the agenda, and explanations on the agenda are also included.

While preparing the general assembly agenda, it was determined that the topics of the agenda were expressed clearly and in a way that would not lead to different interpretations, and care was taken not to include phrases such as "other" and "various" on the agenda.

At the General Assembly Meeting, the following individuals were present: Vice Chairman of the Board of Directors, Mr. Ali Kemal KAZANCI, Ministry Representative Ms. Şehval KIRIK, and senior company executives Mr. Melih YÜCEYURT (Director of Finance and Investor Relations), Ms. İlknur YILMAZ COŞKUN (Legal Director), Ms. Adeviye DEMİR PEKMEZCİ (Director of Accounting and Reporting), Mr. Davut ÇUBUKÇU (Reporting Manager), and Ms. Yasemin AYDINLAR (Corporate Communications Manager). The representative of Bağımsız Denetim ve YMM A.Ş., which conducted the independent external audit of the Company's 2023 financial statements. Mr. Doğan TOMAK were also present.

When the minutes of the General Assembly are examined, it is determined that the agenda items were voted separately, and the votes were counted and announced to the shareholders before the end of the meeting.

It was observed that the chairman of the meeting took care to convey the topics on the agenda in an impartial and detailed manner, with a clear and understandable method, and the shareholders were given the opportunity to express their thoughts and ask questions under equal conditions.

In accordance with the provisions of the CMB's Communiqué numbered II-17.1, the general assembly was informed about the transactions made with related parties and the guarantees,

pledges and mortgages given in favor of third parties.

The shareholders were informed about the donations made during the period, and the donation limit was also determined.

In this regard, it would be appropriate for the Company's articles of association to include provisions stipulating that the Company's donation and aid policy be submitted for the approval of the General Assembly, that information be provided to the General Assembly regarding the beneficiaries of the donations and aids made by the Company, and that General Assembly meetings be held open to the public, including stakeholders and the media, without granting them the right to speak.

The company's practices in this subsection are in good compliance with the principles.

#### **d. Voting Right**

Neither the Articles of Association nor the internal procedures of Çan 2 Termik A.Ş. contain any difficulties to exercise the voting right and the opportunity to exercise the voting right in the easiest and most convenient manner is given to each shareholder.

It is possible for the shareholders to exercise their voting rights in person or by proxies, whether a shareholder or not, at the general assembly meetings. The members are submitted with the specimen proxies to be used for this purpose at the firm's headquarters and on the corporate internet website.

The absence of any privileges regarding voting rights is considered a positive practice of the Company.

The Company's practices under this subsection indicate areas that need improvement in accordance with corporate governance principles.

#### **e. Minority Rights**

There has been no violation of exercising basic minority shareholders' rights like attendance to the general assembly meeting, representation by proxy and imposition of no upper limit for voting rights. In this manner it has been given the impression that care is given to the exercise of minority rights.

There are no adjustments made to extend minority rights with Articles of Association and covering those shareholders who have less than 1 / 20 of the capital.

#### **f. Dividend Right**

The method to be applied for profit distribution is regulated by Article 15 of the company's articles of association, and it contains minimum information enabling the investors to foresee the procedure and guidelines for the distribution of profit to be generated by the company in future periods.

According to the relevant article in the Articles of Association, dividends will be distributed equally to all existing shares as of the date of distribution, regardless of their issue and acquisition dates and the Company may provide advance dividend payments to its shareholders within the framework of capital market regulations.

It would be appropriate to present the company's Profit Distribution Policy for the approval of the General Assembly.

The Company's practices under this subsection indicate areas that need improvement in accordance with corporate governance principles.

#### **g. Transfer of Shares**

The conditions regarding the transfer of the Company's shares are detailed in Article 19 of the Company's Articles of Association.

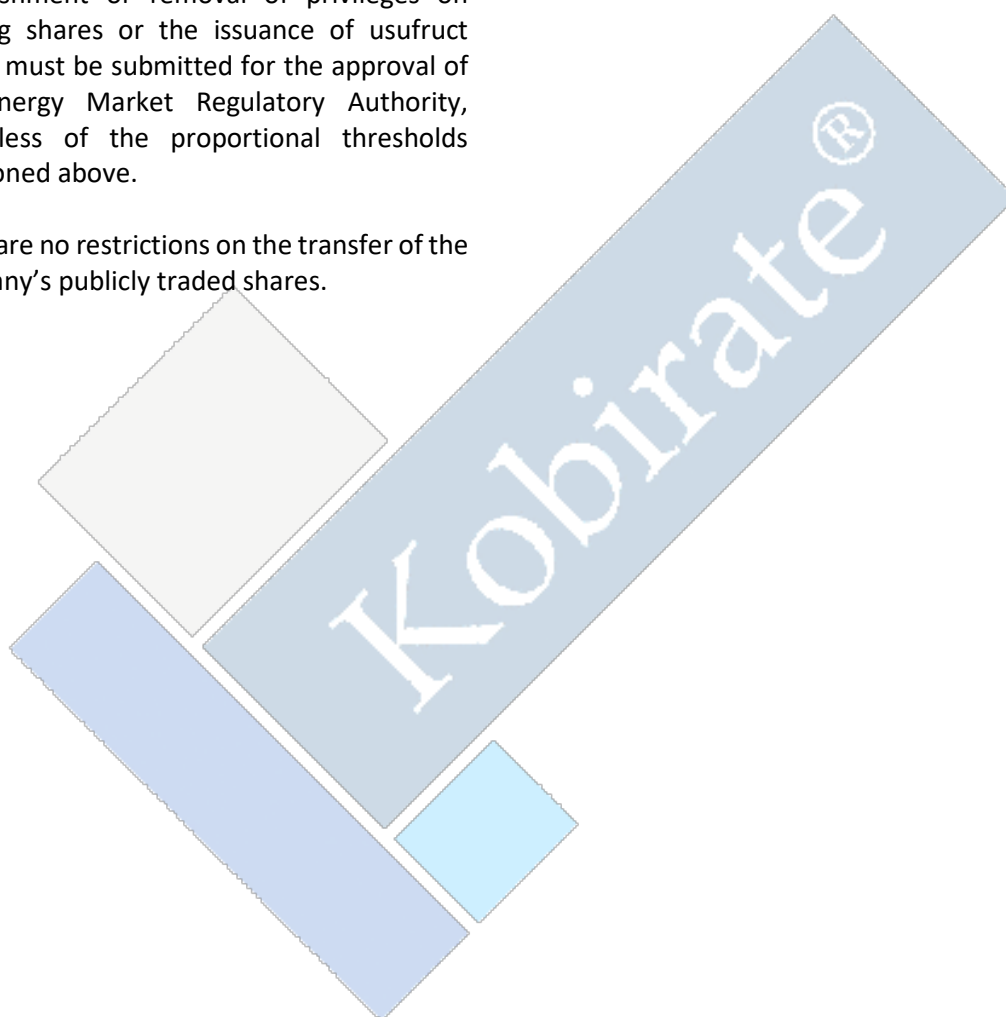
For acquisitions of shares representing five percent or more of the Company's capital, whether directly or indirectly by a natural or legal person, as well as acquisitions that result

in a partner's share exceeding five percent of the legal entity's capital, and transfers that result in a partner's share falling below the aforementioned thresholds, approval from the Energy Market Regulatory Authority (EMRA) must be obtained each time.

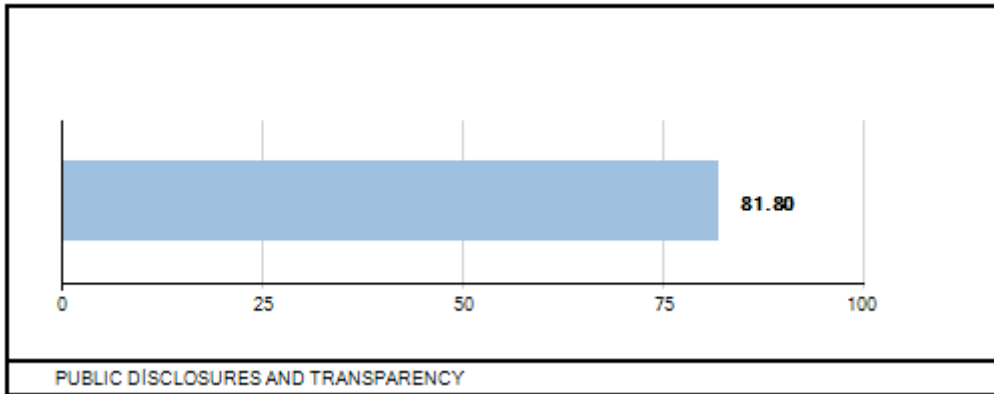
In this context, necessary material disclosures must be made in accordance with Capital Markets legislation. This provision also applies in the case of acquiring voting rights.

Even if there is no share transfer, the establishment or removal of privileges on existing shares or the issuance of usufruct shares must be submitted for the approval of the Energy Market Regulatory Authority, regardless of the proportional thresholds mentioned above.

There are no restrictions on the transfer of the Company's publicly traded shares.



## B. PUBLIC DISCLOSURE AND TRANSPARENCY



### Overview

- ✓ An information policy has been established and disclosed to the public.
  - ✓ Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) were prepared and disclosed to the public in accordance with the provisions of the relevant legislation.
  - ✓ Corporate website is used effectively as a current tool for public disclosures within the context as stated by the principles.
  - ✓/\* The Company's corporate website does not include the dates and issue numbers of the trade registry gazettes in which amendments to the articles of association were published.
  - ✓/\* Including information in the annual report on the risk management policy that the Company will implement against foreseeable risks would enhance compliance with the principles.
  - ✓/\* Including in the annual report the Board of Directors' resolution regarding the approval and submission of the balance sheet and income statement to the General Assembly would be appropriate.
  - ✓/\* Including the Board of Directors' assessments on the effectiveness of the committees' activities in the annual report would enhance compliance with the principles.
  - ✓/\* The annual report does not include information on transactions conducted by the Company on its own behalf or on behalf of others or on activities falling within the scope of the prohibition of competition, as permitted by the General Assembly.
  - ✓/\* The annual report does not include the Board of Directors' analysis and evaluation of the Company's financial position, operating results, and financial performance.
  - ✓/\* The Company's Disclosure Policy has not yet been submitted for the approval of the General Assembly.
- As for this section, the Company has been assessed by **93** different criteria under the headings of **Corporate Website** and **Annual Report** as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **81.80**.
- Çan 2 Termik A.Ş. carries out its public disclosures in line with the Disclosure Policy



adopted by the Company's Board of Directors under resolution no. 2021/01 dated 14.01.2021.

This policy complies with the CMB's Special Circumstances Communiqué No. II.15-1.

Announcements and disclosures made on behalf of the Company are carried out by the Board members and individuals authorized by the Board of Directors. The responsibility for overseeing and monitoring the implementation of the Disclosure Policy lies with the Investor Relations Department, which fulfills this duty in close cooperation with the Board of Directors.

The Company's independent external audits for 2023 and 2024 were conducted by AS Bağımsız Denetim ve YMM A.Ş. There are no cases where the independent audit avoided expressing opinion, expressed opinion with conditions or avoided signature in the reports. It has been learned from company officials that no event took place with the independent audit company or with its auditors that could damage this company's independence, and there was no legal conflict with it.

Submitting the Company's Disclosure Policy for the approval of shareholders at the General Assembly meeting would enhance compliance with corporate governance principles.

#### **a. Corporate Website**

The official corporate website <https://www.can2termik.com.tr> is updated regularly and the website is being used as an active and effective platform for disclosure to public.

Information in corporate website is consistent with the statements made as part of regulations and there is no missing or conflicting information.

In addition to the information that must be disclosed pursuant to relevant regulations, the company's website includes trade registry details, current shareholding structure, board committees and their working principles, the latest version of the articles of association,

material disclosures, financial reports, annual reports, general assembly meeting agendas, attendee lists and meeting minutes, proxy voting forms, profit distribution policy, disclosure policy, remuneration policy for board members and senior executives, compensation policy, donation and aid policy, and policies on various matters of interest to all stakeholders.

The aforementioned information is provided to shareholders and potential investors regularly and up to date.

All information provided on the corporate website is simultaneously published in English to ensure accessibility for international investors.

In addition to the information that is legally required to be disclosed, it would be appropriate for the company to also include its share buyback policy, if any, on its corporate website. Moreover, financial statement disclosures that are required to be publicly announced under capital markets legislation should be published on the Public Disclosure Platform (PDP) simultaneously in both Turkish and English.

In this subsection, the Company has achieved good compliance with corporate governance principles.

#### **b. Annual Report**

It has been observed that the Board of Directors has prepared the annual report with sufficient content to ensure that the public can access comprehensive information about the company's activities.

In the annual report for the accounting period ending on 01.01.2023–31.12.2023, the following information has been included:

General information about the company; details regarding the Board of Directors and senior management; information on the corporate structure, shareholding, details on duties carried out by board members and executives outside the company; information on the committees established within the Board of Directors and their members; the number of meetings and attendance status of

committee members; and the declarations of independence by board members.

Information has been provided regarding the Company's subsidiaries and affiliates, as well as the sector in which the Company operates and its position within that sector.

Additionally, beyond the requirements set out in legislation and other sections of the Corporate Governance Principles, the annual report provides information on the reporting period; the partnership's trade name, trade registry number, and contact information; general information on the number of employees; the total amount of donations made by Çan 2 Termik A.Ş. and its subsidiaries during the period; the profit distribution policy; the Corporate Governance Principles Compliance Statement; and general information on employees' social rights and professional training.

In the annual report, salaries, bonuses and similar benefits provided to the members of the board of directors and senior executives are disclosed in group as total numbers, not on an individual basis.

It would be appropriate for the annual report to include the date and number of the Board resolution approving the report, information on legislative changes that could significantly affect the company's operations, and disclosures required to be presented to shareholders regarding related party transactions and balances.

It would also be appropriate to include in the annual report the company's approach to sustainability, as well as a compliance report prepared in accordance with the format set out by the voluntary sustainability principles compliance framework under the "Communiqué on Amendments to the Corporate Governance Communiqué (II-17.1.a)."

The annual report provides partial information regarding the company's development and potential risks. Including the Board of Directors' assessments on these matters would be appropriate.

It would also be appropriate for the annual report to include statements on whether there

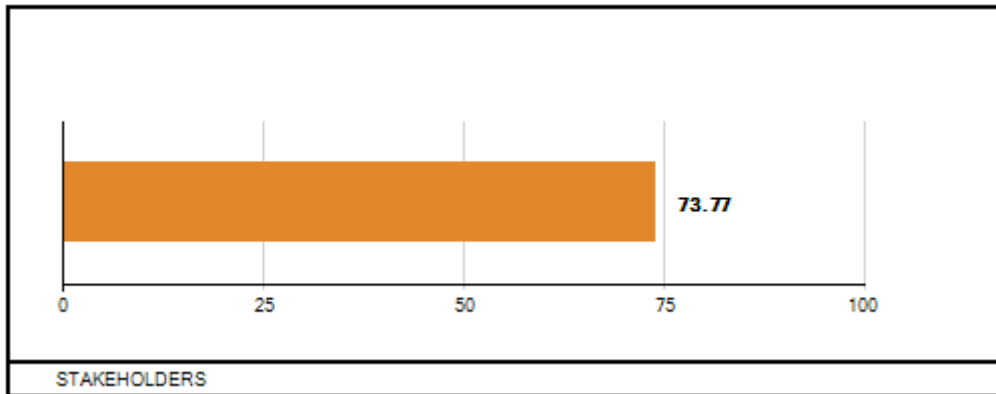
are any planned changes to the company's management practices in accordance with corporate governance principles in the future, as well as information on any conflicts of interest between the company and institutions providing services such as investment consultancy and credit rating, and the measures taken by the company to prevent such conflicts.

In addition, it would be appropriate to include the Board of Directors' analysis and evaluation of the Company's financial position, operating results, and financial performance; information on transactions conducted by the board members on their own behalf or on behalf of others within the framework of the authorization granted by the General Assembly, as well as activities falling within the scope of the prohibition of competition; information on the main factors affecting the Company's performance and the policies implemented in response to significant changes in the Company's operating environment; and information on non-financial risks the Company may face.

Lastly, including in the Company's annual report a statement of responsibility by the members of the board of directors, the CEO/general manager, the head of the department responsible for the preparation of the periodic financial statements and reports, and the officer who has assumed this responsibility, as well as the board member(s) responsible for the preparation of the periodic financial statements and reports if a division of duties has been made by the board of directors, stating that the annual report and the periodic financial statements fully reflect the Company's financial position and that the Company fully complies with the legislation, would strengthen the Company's compliance with the principles.

This subsection indicates that there are areas in which the company needs improvement.

## C. STAKEHOLDERS



### Overview

- ✓ There are no regulations that make it difficult for stakeholders to exercise their rights.
- ✓ Many internal regulations concerning customers and other stakeholders have been prepared.
- ✓ Compensation policy for employees has been prepared and disclosed to the public.
- ✓ Care is given to confidentiality of information about customers and suppliers on a trade secret basis.
- ✓ Employees are provided with a safe and pleasant working environment.
- ✓ The company conducts regular satisfaction surveys for employees.
- ✓/\* A succession plan has not been prepared regarding the appointment of new executives in foreseeable situations.
- ✓/\* No share ownership plans have been established by the Company for its employees.
- ✓/\* The Company has not yet established any training policies.
- ✓/\* As the Company has only recently initiated its sustainability efforts, no reporting, workflow, or procedural regulations have been developed yet.

Work on the Sustainability Report is ongoing.

✓/\* The Company has not yet established a corporate social responsibility policy.

✓/\* The Company's Code of Ethics has not yet been submitted for the approval of the General Assembly.

✓/\* The Company's Compensation Policy has not yet been presented to the General Assembly.

In this section, the Company has been assessed by **104** different criteria under the headings of **Corporate Policies on Stakeholders, Supporting Stakeholders' Participation in Company Management, Company Policy on Human Resources, Relations with Customers and Suppliers, Ethical Rules and Social Responsibility and Sustainability** as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **73.77**.



#### **a. Corporate Policies on Stakeholders**

Stakeholders are individuals, institutions or interest groups, such as stakeholders, employees, creditors, customers, Public, suppliers, trade unions, various non-governmental organizations, who have an interest in the achievement of the Company's goals or activities. The Company protects the rights of stakeholders in their transactions and activities, with legislation and mutual agreements.

It has been observed that Çan 2 Termik A.Ş. protects stakeholders' rights, which are specified in regulations and mutual contracts.

It has been observed that, in cases where stakeholder rights are not regulated by legislation, the company endeavors to protect the interests of these groups within the framework of good faith principles, to the extent of its capabilities, and with due consideration to the company's reputation.

Stakeholders are adequately informed on company policies and procedures to protect their rights and company's corporate website <https://www.can2termik.com.tr> is being actively used for this purpose. In addition, certain important announcements and messages are communicated to all employees via email.

At the company, ensuring compliance with legal regulations and monitoring thereof falls under the responsibility of the Audit Committee; whereas reviewing and resolving complaints from shareholders and stakeholders regarding corporate governance matters is the responsibility of the Corporate Governance Committee.

The Compensation Policy for employees has been prepared and disclosed to the public via the corporate website.

Submitting the Compensation Policy to the attention of the General Assembly by the Company would strengthen the Company's compliance with the principles.

The company's practices in this subsection comply with the principles.

#### **b. Supporting Participation of Stakeholders in Corporation's Management**

There are no provisions within the Articles of Association or other internal regulations directly facilitating stakeholder participation in company management.

It is stated that continuous improvements are aimed to be made within the framework of Corporate Governance Principles in order to support the direct participation of stakeholders in the company's management. Requests and suggestions conveyed during meetings with employees and other stakeholders are taken into consideration by the management, and related policies and practices are developed accordingly.

Developing models that support the participation of stakeholders in company management and including these models in the company's internal regulations or articles of association will strengthen compliance with the principles.

#### **c. Human Resources Policy of the Corporation**

ODAŞ Elektrik Üretim Sanayi Ticaret A.Ş. Human Resources and Culture Policy, implemented by the Directorate of Human Resources and Culture, applies to all companies within the group and covers all employees within the organization. The aforementioned policy is also used by Çan 2 Termik A.Ş., a group company for which the rating studies are conducted by us. Efforts to establish the Company's own Human Resources Policy are ongoing.

As of 31.12.2024, a total of 708 people is employed at Çan 2 Termik A.Ş. and its subsidiaries. The employee groups consist of individuals who have completed all the required professional qualification training for

their respective areas of expertise and have obtained the necessary competency certificates.

At the core of human resources policy applicable in Çan 2 Termik A.Ş. lies the recruitment of individuals who are aligned with the job requirements and the corporate culture; the development of employees' knowledge, skills, and competencies; and the sustainability of systems that positively impact employee satisfaction and engagement.

The group's human resources policy is built on the values of "Agility and Flexibility," "Transparency and Sustainability," "Sensitivity to Society and the Environment," and "Focus on Occupational Safety and Employee Health."

Human resources processes are carried out with a human-centered approach, starting from recruitment and placement and continuing through learning and development, compensation policy, internal communication, and organizational development activities.

Outputs from the performance management system, along with feedback from managers and employees, are used to create personal development plans, especially in relation to innovation, promotions, role changes, and orientation needs. Accordingly, functional, profession-based development training is provided for specialists and managerial-level employees through experienced institutions in the field, while technical development training, primarily in occupational safety, is delivered to production workers.

The company measures employee performance throughout the year using competency-based performance evaluation forms. Following the evaluation process, all results are calibrated at the company level and finalized through mutual feedback by establishing effective communication with employees.

For all employees within the Çan 2 Termik A.Ş., a compensation and benefits policy is determined in accordance with the principles of equal and fair management, primarily based on the provisions of the Labor Law, and at a level competitive with market conditions.

It has been determined that the Company's organizational structure is in line with work conditions.

It has been learned that a safe working environment and conditions are provided for the employees, and that no race, religion, language or gender discrimination is made among the employees.

There is no association within the Company; however, no restrictive practices regarding this matter have been observed.

In 2023, Çan 2 Termik A.Ş. was awarded the "Great Place to Work" certificate based on the evaluations of its employees within the scope of the program conducted by the Great Place to Work Institute, a globally recognized organization in workplace culture and employee satisfaction.

As part of its internal communication activities, the Company implements a timely and transparent communication policy with employees at all levels within the organization. A participatory approach is adopted in practices that concern all employees, ensuring consensus in decision-making. To support effective action planning, an Employee Engagement and Satisfaction Survey is conducted every two years to gather employee feedback and identify the Company's strengths and areas for improvement. The survey results are shared with employees starting from the management level, and employees are informed about the actions planned or already taken.

Regarding this subsection, establishing a Corporate Human and Employee Rights Policy in which the Company commits to full compliance with the Universal Declaration of Human Rights, the ILO Conventions ratified by

Türkiye, and the legal framework and regulations governing human rights and labor practices in Türkiye; preparing a succession plan for the appointment of new executives in situations where managerial changes are foreseen to potentially disrupt Company operations; and developing employee share ownership plans would strengthen the Company's compliance with Corporate Governance Principles.

Although there are some shortcomings in the Company's practices in this subsection, it has been concluded that they are generally in line with corporate governance principles.

#### **d. Relations with Customers and Suppliers**

Methods regarding relations with customers, suppliers, etc., have been determined and standards have been defined. It is thought that care is taken to observe the principles of honesty, trust, consistency, professionalism, long-term relations and respect for mutual interests in relations with the aforementioned groups.

Relationships with customers, suppliers, and other individuals and institutions with which the Company has business interactions are partially regulated under the titles of Confidentiality and Prevention of Conflicts of Interest in Çan 2 Termik A.Ş.'s Code of Ethics.

The certificates and documentation held by the company are listed below.

- ISO 9001:2015 Quality Management System
- ISO 50001:2018 Energy Management
- ISO 14001:2015 Environmental Management System
- ISO 45001:2018 Occupational Health and Safety Management System
- ISO 27001:2017 Information Security Management System

The company does not conduct regular annual satisfaction surveys targeting customers and suppliers.

Under this subsection, there are areas in the Company's practices that require improvement.

#### **e. Ethical Rules, Corporate Social Responsibility**

Çan 2 Termik A.Ş. Board of Directors has established the "ÇAN 2 TERMİK CODE OF ETHICS," which all employees, including managers, are required to comply with under the main categories of Integrity, Non-Discrimination, Confidentiality, and Prevention of Conflicts of Interest. Employees have been informed about these rules, and the Code of Ethics has been made publicly available on the company's corporate website. It has been observed that the company's activities are conducted in accordance with this publicly disclosed regulation.

The Çan 2 Termik Code of Ethics includes regulations under key topics such as: prevention of discrimination based on age, language, religion, race, health status, gender, and marital status; compliance with confidentiality principles defined by law for employees and the institutions they work with; prevention of conflicts of interest; protection of company information; and personal data security.

It has been stated by Company officials that applications submitted by employees and all stakeholders with regard to requests, suggestions, and complaints are promptly addressed.

Social responsibility initiatives and donations made by the company within the framework of Corporate Social Responsibility are published on the company's corporate website.

It would be appropriate for the Company to establish a Corporate Social Responsibility Policy, obtain approval from the Board of Directors, and share it with the public.

It would also be appropriate to develop the Company's Code of Ethics further and submit it to the General Assembly for approval, following the Board of Directors' endorsement.

There are areas in which the company needs to improve its activities related to this subsection.

#### **f. Sustainability and Sustainability Management**

In the Capital Markets Board (CMB) Sustainability Principles Compliance Framework published in 2020, the basic principles expected to be disclosed within the scope of environmental, social and corporate governance activities of public shareholdings were disclosed.

In this context, the activities conducted by Çan 2 A.Ş. have been partially disclosed in the annual activity reports. The company's Sustainability Compliance Report was publicly shared on PDP on 12.03.2025.

The Company's Sustainability Committee was established by the Board of Directors' resolution dated 16.05.2025 and numbered 10, and this was announced on the same day via a PDP disclosure. The working principles of the committee were also disclosed in the same announcement on the same date. The committee is composed of Independent Board Member Mr. Sabri SİPAHI (Chairman), Independent Board Member Mr. Umut APAYDIN (Member), and Director of Finance and Investor Relations Mr. Melih YÜCEYURT.

The company's "Environment Policy" is published on the corporate website.

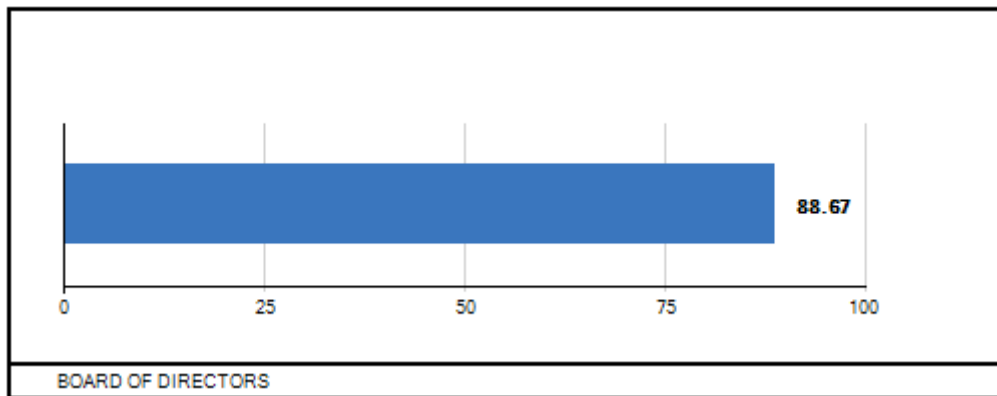
In the sustainability compliance report disclosed to the public by the Company, it is stated that the Company is in the process of developing policies regarding its general principles, strategies, policies, and objectives and that efforts in this regard are ongoing.

In order to ensure the effective implementation of the relevant policies, it would be appropriate for the Board of Directors to prepare internal directives, business procedures, etc.; adopt a Board resolution and disclose these policies to the public; and for the responsible committee/unit to develop implementation and action plans in line with the defined short- and long-term goals, and complete the process by submitting them to the Board of Directors for discussion and approval, followed by public disclosure.

There are areas for improvement in the Company's environmental principles. In the areas of Social Principles and Corporate Governance, the Company is partially compliant.

Within the scope of its Sustainability Policies and in line with the requirements of its industry, it would be appropriate for the Company to establish policies on topics such as Waste Management, Diversity and Inclusion, Succession, Human Rights, Corporate Social Responsibility, Customer Satisfaction, Share Buybacks, Competition, and Supply Chain.

## D. BOARD OF DIRECTORS



### Overview

- ✓ The company's strategic targets and human and financial sources it requires are determined by the Board of Directors.
- ✓ No person in the Company has the authority to decide solely and in an unrestricted fashion.
- ✓ The number of Board Members is adequate for them to work productively and constructively.
- ✓ The majority of Board Members are non-executives.
- ✓ Each member has one voting right on the Board of Directors. There are no veto powers for any member.
- ✓ There isn't any loan/credit involvement between Board Members and the company.
- ✓ The Committees mentioned in the Principles were established, and their working principles were determined and disclosed to the public.
- ✓ Remuneration principles for members of the board and top executives have been determined and disclosed to the public.
- ✗ No performance evaluation is conducted for the Board of Directors.
- ✗ The Company has not set a target ratio or a timeframe for the inclusion of female members on the Board of Directors, which shall not be less than 25%, nor has it established a policy to achieve such targets. Additionally,

the Board of Directors has not conducted an annual assessment of the progress made in this regard.

- ✓/✗ A member of the Board of Directors serves on more than one committee.
- ✓/✗ The Company has not taken out insurance for potential damages that may arise due to faults committed by board members during the performance of their duties, and PDP disclosure has been made in this regard.
- ✓/✗ Fees and benefits given to the board of directors and directors with administrative responsibilities are not disclosed in the annual report on an individual basis.
- ✓/✗ No PDP disclosure has been made regarding the Chairman of the Board and the CEO/General Manager being the same person.

In this section, the Company has been assessed by **148** different criteria under the headings of **Function of the Board of Directors**, **Principles of Activity of the Board of Directors**, **Structure of the Board of Directors**, **Procedure of Board of Directors Meetings**, **Committees Formed within the Structure of the Board of Directors** and **Financial Rights Provided for the Members of the Board of Directors and Executives as laid down by the Capital Market Board's**



**Corporate Governance Principles**, for which the Company has gained the grade of **88.67**.

**a. Function of the Board of Directors**

The Board of Directors has described the corporate strategic objectives and determined necessary human and financial resources.

Board of Directors monitors company activities to be in compliance with regulations, Articles of Association, internal procedures and policies and it supervises management performance.

Board of Directors is authorized to make decisions, to determine strategy and represent the company at the highest level.

In this subsection, the company has achieved good compliance with corporate governance principles.

**b. Principles of Activity of the Board of Directors**

It is our impression that the Company Board of Directors conducts its activities in an open, accountable, fair and responsible fashion.

The Board of Directors has established internal control systems, including risk management and information systems and processes, that can minimize the effects of risks that may affect the company's stakeholders, especially the shareholders.

The duties of the chairman of the board of directors and general manager are undertaken by Mr. Burak ALTAY. This has not been disclosed with a PDP disclosure.

Damages caused by the faults of the members of the board of directors during their duties in the company are not insured.

In this subsection, there are areas where the company's compliance with corporate governance principles needs to be improved.

**c. Structure of the Board of Directors**

According to Article 7 of the Company's Articles of Association, the management and operations of the Company are carried out by a Board of Directors consisting of at least 5 members, elected by the General Assembly for a term not exceeding 3 years, in accordance with the provisions of the capital markets legislation and the Turkish Commercial Code.

The Company's Board of Directors consists of a total of 5 (five) people, including 1 (one) chairman and 4 (four) members. The requirement of having at least 5 (five) members to form the Board has been met and the number of Board Members found sufficient and appropriate to serve effectively and constructively and to form and efficiently organize activities of committees.

The Board of Directors is composed of 1 (one) executive member and 4 (four) non-executive members, with two of the non-executive members meeting the criteria for independence as outlined in the corporate governance principles.

The number of independent board members constitutes one-third of the total number of board members. The principle that independent board members must possess the professional education, knowledge, and experience necessary to duly fulfill their responsibilities has been observed. Mr. Umut APAYDIN, a member of the Audit Committee, has over 5 years of experience in auditing/accounting and finance.

There are no female members on the Company's Board of Directors. Regarding the female members, the Company has not set a target ratio or a timeframe for the inclusion of female members on the Board of Directors, which shall not be less than 25%, nor has it established a policy to achieve such targets,

and the Board of Directors does not conduct an annual assessment of the progress made in this regard.

There is an individual within the company who holds unlimited decision-making authority on their own.

The clear separation of the duties and authorities of the Chairman of the Board and the CEO/General Manager, the inclusion of this separation in writing in the articles of association, and the absence of a PDP announcement in cases where these roles are performed by the same person have been identified as areas for improvement.

#### **d. Procedure of Board of Directors Meetings**

According to Article 7 of the Company's Articles of Association regarding Board of Directors meetings, the Board shall elect a chairman and a vice chairman from among its members at its first meeting following each General Assembly, where the members of the Board are elected.

The Board of Directors convenes whenever required by company business and transactions, with one member more than half of the members present. Resolutions of the Board of Directors are made by a majority of the existing members. Board meetings may be held at the company's administrative headquarters or at a suitable location in the same city as the headquarters; they may also be held in another city by the Board's decision.

In accordance with Article 1527 of the Turkish Commercial Code, participation in board meetings is also possible via electronic means.

The Board of Directors comes together frequently enough to carry out its duties efficiently. The agenda of board meetings is determined by the chairman of the board in discussion with other board members and the general manager. In 2024, a total of 21 board meetings were made, and as of the end of

March, 5 board meetings been made in 2025. The secretariat of the Board of Directors and documents requiring signature are monitored under the supervision and guidance of the Company's Legal Department.

It has been observed that documents and information related to the agenda items are provided to board members well in advance of the meetings to ensure equal access to information.

As a result of the studies on the documents and the meetings held with the relevant parties, it was observed that the meetings of the Board of Directors were held in accordance with the legislation and the articles of association.

The company's articles of association do not contain restrictions on the members of the board of directors taking on other duties or duties outside the company.

The company's practices in this subsection comply with the principles.

#### **e. Committees Formed within the Structure of the Board of Directors**

In order for the Board of Directors to fulfil its duties and responsibilities soundly, Audit Committee, Corporate Governance Committee and Early Detection of Risk Committees have been established. Due to the structure of the Board of Directors, a separate Remuneration and Nomination Committee has not been established and the duties of this committee are fulfilled by the Corporate Governance Committee. The Working Principles of the Corporate Governance Committee also cover the working principles of the Remuneration and Nomination Committee.

The committees' duties, working principles and their members have been determined and approved by the Board of Directors as documents in writing; then they have been disclosed to public via electronic means.

The company has stuck with the principle, which requires that all members of the Audit Committee and minimum the Chairmen of other committees are appointed from independent members and the General Manager has not been assigned to any committee.

All sources and support are provided by the Board to ensure that the committees perform their duties.

Committees invite appropriate executives to their meetings to benefit from their opinions. All discussions in committees are recorded in writing.

Committees convene with the frequency deemed necessary for the efficiency of their activities. They report information on their activities and the results of their meetings to the board of directors.

**- The Audit Committee;**

The duties and authorities of the committee, as well as its working principles, have been defined. Independent external audit, internal audit and control, accounting system and reporting, as well as other responsibilities have been explained in detail.

The Committee comprises 2 (two) independent members. One of them meets the principle of "At least one of the Audit Committee members should have 5 years of experience in audit/accounting and finance.

The Audit Committee convenes before the regular meetings of the Board of Directors and also to discuss the issues required by the regulations. It examines the financial reports prepared quarterly and presents its opinion to the Board of Directors. The committee convened with full attendance 5 (five) times in 2024 and submitted the meeting outcomes to the board of directors in the form of reports.

**- Corporate Governance Committee;**

The duties and authorities of the committee and its working principles have been approved by the Board of Directors, and the committee's job descriptions have been set out in the working principles.

The primary duty of the committee is to monitor the Company's compliance with Corporate Governance Principles in accordance with Capital Markets legislation, to ensure their implementation, to identify the reasons in case of non-compliance, to carry out improvement efforts aimed at increasing efficiency, to determine candidates to be nominated for the Board of Directors, to define the Company's approach, principles, and practices regarding the remuneration, performance evaluation, and career planning of Board members and executives with administrative responsibility, and to oversee investor relations activities. The committee was established to support and assist the Board of Directors by making feasible recommendations in these areas. In line with its defined responsibilities, the committee also fulfills the duties of the Remuneration and Nomination Committees.

The Corporate Governance Committee is composed of 3 (three) members and 2 (two) members are independent and 2 (two) member is a non-executive board member. The other member is the Director of Finance and Investor Relations.

In 2024, the Committee held 4 (four) meetings with the participation of three members. The results of the meetings are submitted to the Board of Directors in the form of reports.

Working closely with the Corporate Governance Committee, the Investor Relations Department reports to the board about its activities once a year.

**- Early Detection of Risk Committee**

The duties and authorities of the committee, as well as its working principles, have been defined. The duties of the Committee include; early identification, evaluation, calculation of



impact and likelihood of strategic, financial, legal, and other types of risks that may endanger the Company's existence, development, and continuity; managing and reporting these risks in accordance with the Company's corporate risk-taking profile; implementing necessary measures regarding the identified risks; taking them into account in decision-making processes; and providing recommendations and suggestions to the Company's Board of Directors for the establishment of effective internal control systems in this regard.

The Committee for Early Detection of Risk meets at least every 2 months. When deemed necessary, meetings are held at the Company's headquarters upon the invitation of the Committee Chairman through the Board of Directors Secretariat. The Committee convenes with the participation of one member more than half of its members and resolutions taken during the meetings are adopted by majority vote.

The Early Detection of Risk committee is composed of 2 (two) members. The committee chairperson and the other members are independent and non-executive members of the Board of Directors.

The Committee held 6 (six) meetings in 2024.

#### **f. Financial Rights Provided for Members of the Board of Directors and Executives**

Guidelines for the remuneration of board members and top executives have been written and disclosed to the public in the electronic environment.

It has been determined that actions have been taken in compliance with the principle, which states that stock-options or payment plans based on corporate performance should not be used for remuneration of independent members of board. The emoluments of independent directors are sufficient to protect their independency.

It has been learned that the company does not provide any loans or credit to any board member or senior executives, nor does it provide personal loans under the guise of a third party or offer guarantees such as suretyship in their favor.

Corporate governance principle of disclosing remuneration and all other benefits provided to directors and top executives on individual basis is not met. This information is disclosed collectively in the annual activity reports.

There is no practice of rewarding or dismissing the members of the board of directors based on their performance. The implementation of the aforementioned method will strengthen compliance with the principles.

The compliance of the company's practices with the principles in this subsection is at a very good level.

**6- KOBİRATE ULUSLARARASI KREDİ DERCELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ**  
**A. Ş. CORPORATE GOVERNANCE RATING GRADES AND DESCRIPTIONS**

GRADE	DEFINITIONS
<b>9–10</b>	The Company achieved substantial compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency is high. The interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.
<b>7–8.9</b>	The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are operational and in place, although some improvements are required. Potential risks to which the Company may be exposed are identified and can be managed. The rights of the shareholders are impartially taken care of. Public Disclosure and transparency are at high levels. The interests of the stakeholders are fairly considered. The composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles, even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.
<b>6–6.9</b>	The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at a moderate level have been established and operated. However, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of, although improvement is needed. Although public disclosure and transparency are taken care of, there is a need for improvement. The benefits of the stakeholders are taken care of, but improvement is needed. Some improvement is required in the structure and working conditions of the Board.

GRADE	DEFINITIONS
4–5.9	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and stakeholders, public disclosure, transparency, and the structure, as well as the working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p>
< 4	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed to are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, such as public disclosure, transparency, structure, and working conditions of the Board, and they are at a level that might cause the investor to incur material losses.</p>