



**IC İBRAHİM ÇEÇEN INVESTMENT HOLDİNG  
A.Ş.**

**CORPORATE GOVERNANCE PRINCIPLES  
COMPLIANCE REPORT**

**2023**



January 6<sup>th</sup>, 2023

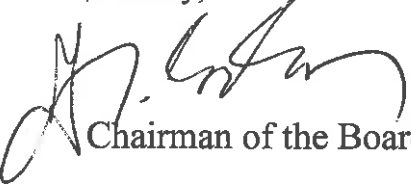
## STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES


This report has been prepared in accordance with the provisions of sub-paragraph d) of Article 11/A of the “Regulation on Credit Transactions of Banks” published in the Official Gazette No. 26333 of November 1, 2006. Paragraph d of the said article and the ensuing paragraph states;

*“It is obligatory for banks to obtain the report on compliance with the corporate governance principles set forth in the said Communiqué from joint stock companies subject to the Corporate Governance Communiqué (II-17.1) published by the Capital Markets Board in the Official Gazette No. 28871 of January 3, 2014.”*

In this context, since it has been determined that IC İbrahim Çeçen Investment Holding A.Ş. (hereinafter referred to as the “Company”) is not included in the partnership classes defined in sub-paragraph 2 of the first article titled “Purpose and Scope” of the Corporate Governance Communiqué (II-17.1), this report has been prepared in 7 pages in accordance with the provisions of the relevant Communiqué, including the function of the Board of Directors (4.1), the operating principles of the Board of Directors (4.2) and the principles regarding the financial rights provided to Board members and executives with administrative responsibility (4.6) among the corporate governance principles.

Sincerely,

  
Chairman of the Board  
İbrahim ÇEÇEN

  
Vice Chairman of the Board  
Fırat ÇEÇEN



## SECTION 1 BOARD OF DIRECTORS

### 1.1. Structure of the Board of Directors

The activities and administration of the Company are carried out by a Board of Directors consisting of one or more real or legal persons to be elected by the General Assembly from among the shareholders or non-shareholders in accordance with the provisions of the Turkish Commercial Code. Members of the Board of Directors are elected to serve for a minimum of 1 year and a maximum of 3 years. Unless otherwise provided in the Articles of Association, the same person may be re-elected.

The names, duties and terms of office of the Chairman and members of the Board of Directors as of December 31, 2022, are presented below;

Name-Surname	Position	Date of the General Assembly
İbrahim ÇEÇEN	Chairman of the Board	December 23, 2022
Fırat ÇEÇEN	Vice Chairman of the Board	December 23, 2022
Serhat ÇEÇEN	Board Member	December 23, 2022
Yıldırım AKDEMİR	Board Member	December 23, 2022
Reha DENEMEÇ	Board Member	December 23, 2022

Members whose terms have expired may be re-elected. The General Assembly may change the members of the Board of Directors at any time if deemed necessary. In the event of a vacancy in the Board of Directors, the Board of Directors may temporarily elect a person who meets the legal requirements as a member and submit it to the approval of the first General Assembly. The member elected in this manner shall serve until the General Assembly Meeting where he/she is submitted for approval and, if approved, shall complete the remaining term of the member he/she is elected to replace.

Pursuant to paragraph 1 of Article 395 of the Turkish Commercial Code No. 6102 titled "Prohibition of transacting with the company and borrowing money from the company" and paragraph 1 of Article 396 titled "Prohibition of competition", the necessary permissions were granted to the members of the Board of Directors by the General Assembly of the Company by unanimous vote.



## **1.2. Authorities and Responsibilities of Board Members**

The Board of Directors of the Company is authorized to take decisions on all kinds of business and transactions necessary for the conduct of the Company's business, except for those that are delegated to the authority of the General Assembly pursuant to the law and the Articles of Association.

There are no restrictions on the Board members' taking on other duties or assignments outside the Company.

## **1.3. Form of Board Meetings**

The Board of Directors convenes upon the invitation of the chairmanship or upon the request of a member, as required by the Company's business. As a rule, the meeting is held at the Company headquarters. However, meetings may also be held in other places in the country or abroad according to the need. The Board of Directors convenes with the majority of the total number of members and takes its decisions with the majority of the members present at the meeting.

In case of a tie vote, the matter under discussion is discussed again at the next meeting. If there is a tie in this meeting, the proposal is considered rejected.

In the event that none of the members request a meeting, the decisions of the Board of Directors may also be taken by obtaining the written approval of at least the majority of the total number of members of the Board of Directors to the proposal made by one of the members of the Board of Directors on a specific subject and written in the form of a resolution. It is a condition for the validity of the decision to be taken in this manner that the same proposal is made to all members of the Board of Directors. The approvals do not have to be on the same paper; however, it is necessary for the validity of the decision that all of the papers containing the approval signatures are affixed to the decision book of the Board of Directors or converted into a decision containing the signatures of the acceptors and entered into the decision book.

In 2022, the Board of Directors made 18 board decisions.



## SECTION 2 CORPORATE GOVERNANCE PRINCIPLES AND RATIONALE

	STATUS OF COMPLIANCE					Description
	Yes	Partial	No	Exempt	Irrelevant	
<b>4 BOARD OF DIRECTORS</b>						
<b>4.1 Function of the Board of Directors</b>						
4.1.1. The Board of Directors manages and represents the Company by keeping the Company's risk, growth and return balance at the most appropriate level with the strategic decisions it takes, and by considering the long-term interests of the Company with a rational and prudent risk management approach.	✓					
4.1.2. The Board of Directors defines the Company's strategic goals, determines the workforce and financial resources the Company will need, and oversees the performance of the management.	✓					
<b>4.2 Working Principles of the Board of Directors</b>						
4.2.1 The Board of Directors conducts its activities in a transparent, accountable, fair and responsible manner.	✓					
4.2.2 If there is a distribution of duties among the members of the Board of Directors, the duties and authorities of the Board members are disclosed in the annual report.	✓					

<p>4.2.3. The Board of Directors, taking into account the opinions of the relevant committees of the Board of Directors, establishes internal control systems, including risk management and information systems and processes that can minimize the effects of risks that may affect the stakeholders of the Company, particularly the shareholders.</p>	✓					
<p>4.2.4. The Board of Directors reviews the effectiveness of risk management and internal control systems at least once a year. Information on the functioning and effectiveness of the internal audit system is provided in the annual report.</p>		✓				<p>It is reviewed and informed in the annual report submitted to the ordinary General Assembly.</p>
<p>4.2.5. It is essential that the powers of the Chairman of the Board of Directors and the chief executive officer/general manager are clearly separated and that this separation is stated in writing in the Articles of Association. No one in the Company should be vested with unlimited decision-making authority alone.</p>			✓			<p>Only Mr. İbrahim Çeçen, the founding partner and Chairman of the Board of Directors of the Company, has the authority to represent and bind the Company with his individual signature, and no other Board Member or Executive has been granted this authority.</p>
<p>4.2.6. In the event that it is decided that the Chairman of the Board of Directors and the chief executive officer/general manager will be the same person, this situation is disclosed on the PDP together with its justification.</p>				✓		<p>The Company has no obligation to make disclosures on PDP.</p>




<p>4.2.7. The Board of Directors plays a leading role in ensuring effective communication between the Company and the shareholders, settling and resolving any disputes that may arise and works in close cooperation with the Corporate Governance Committee and the Investor Relations Department for this purpose.</p>		✓				<p>The Board of Directors communicates with the Company management through the CEO. The CEO is the chairman of the Executive Board. The Company has a Corporate Governance and Sustainability Directorate and reports directly to the CEO as a member of the Executive Board.</p>
<p>4.2.8. The Board of Directors addresses sustainability issues in its meeting agenda at least once a year. It establishes policies in line with the Company's environmental, social and corporate governance (ESG) strategy. The Board of Directors issues a resolution for these policies and discloses them to the public.</p>	✓					<p>Within the framework of the Company's sustainability priorities, there is a Sustainability Committee that reviews corporate policies, strategies, roadmaps, risks and opportunities for the ESG, sets sustainability targets and performance criteria, and regularly monitors performance in line with the set targets. The Sustainability Committee reports sustainability-related decisions to the Board of Directors through the CEO. The CEO chairs the Sustainability Committee. Work procedures etc. can be prepared for the effective implementation of ESG-oriented policies.</p>
<p>4.2.9. The Board of Directors reports and publicly discloses ESG performance and targets every two years. It takes utmost care in terms of transparency and reliability.</p>	✓					<p>ESG targets and performance criteria are determined by the Sustainability Committee and reported to the members of the Board of Directors.</p>
<p>4.2.10. Any damage that may be caused to the Company by the members of the Board of Directors due to their negligence during the execution of their duties is insured for an amount exceeding 25% of the Company's capital and this matter is disclosed on the PDP.</p>				✓		

**4.6 Financial Benefits Offered to Members of the Board of Directors and Executives With**

Yes Partial No Exempt Irrelevant

Description




<i>Administrative Responsibilities</i>						
<p>4.6.1 The Board of Directors is responsible for the Company's achievement of the operational and financial performance targets set and disclosed to the public. Evaluation of whether or not the Company has achieved the operational and financial performance targets disclosed to the public, and if not, the reasons for it are disclosed in the annual report. The Board of Directors performs its self-criticism and performance evaluation on the basis of both Board members and executives with administrative responsibilities. Board members and managers with administrative responsibility are rewarded or dismissed based on these assessments.</p>				✓		<p>Since the Company is not publicly traded, it does not disclose its targets and performance to the public. The performance of the Company's senior management is measured annually through the performance evaluation system.</p>
<p>4.6.2 The principles of remuneration of Board members and executives with administrative responsibilities should be documented in writing and submitted to the shareholders as a separate item on the agenda of the general shareholders' meeting and shareholders should be given the opportunity to express their opinions on the matter. The remuneration policy prepared for this purpose is available on the corporate website.</p>				✓		<p>Since the Company is not publicly traded, no public disclosure is made. The performance of all executives is monitored annually through the performance system established within the Company, and promotion and remuneration policies are based on merit. Wages and annual increase rates are determined in parallel with sectoral peer studies.</p>






<p>4.6.3 Dividends, share options or payment plans based on the Company's performance cannot be used in the remuneration of independent Board members. However, the remuneration of the independent Board members should be at a level that protects their independence.</p>				✓		<p>Since the Company is not publicly traded, there are no independent Board members on the Board of Directors.</p>
<p>4.6.4. The Company may not lend money or extend credits to any member of the Board of Directors or executives with administrative responsibility, extend the terms of any loans or credits already extended, improve the conditions of such loans or credits, extend credit under the name of personal credit through a third party, or provide guarantees such as surety in their favor. However, individual lenders may provide loans and other services to these individuals on the same terms and conditions as they do for everyone else.</p>	✓					<p>The principles regarding implementation are defined in the Company's code of ethics and practices are carried out within the scope of this document.</p>
<p>4.6.5. The remunerations and all other benefits provided to the members of the Board of Directors and executives with administrative responsibilities are disclosed to the public through the annual report. The principle here is to disclose the remuneration and benefits paid to each person.</p>		✓				<p>Since the Company is not publicly traded, there is no obligation to make a public disclosure.</p>