

5 | CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT



Odaş has **strengthened its corporate governance culture** in 2015 with its strategical targets and continued its steady development with its **fair and virtuous business** mentality.

Information within the Scope of Corporate Governance Principles Compliance Report

PART I - CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE DECLARATION

Odaş Enerji (“Company”) shows maximum care to the adaptation of Corporate Governance Principles of Capital Markets Board and adapts the equality, transparency, accountability and responsibility concepts of Corporate Governance principles while fronting its targets. In 2014, Odaş Enerji has completely adapted the principles that should be applied within the scope of No. II-17.1 Legislation regarding to the determination and application of Corporate Governance Principles and also has shown maximum effort to adapt the non-obligatory principles.

Based on these principles; Corporate Governance Principles Compliance Works that has started in the Company in 2013 and continued in 2014 continues to be applied with various mechanisms that are developed in the Company. In the first stage of the works; some amendments are done in the articles of association in order to provide an equal, accountable, responsible and transparent structure to the shareholders. In the articles of association, while the rights foreseen in Corporate Governance Principles are defined for the shareholders, a “better management” is aimed in the management structure.

Internet site of the Company is updated in order to deliver maximum information in a rapid, simultaneous, correct and full form.

Via this declaration, Odaş Enerji has adapted a transparent and open management style and aimed to create a responsible, accountable management approach against all its partners, especially its small-scale shareholders.

Justification of the Corporate Governance Principles that have not Applied Yet

Corporate Governance Committee of the Company continues its works regarding to the development of Corporate Governance applications. Full compliance cannot be adapted because of the difficulties occurred in a part of the principles, discussions both in our country and in international platform regarding to the compliance to some principles. The principles out of the principles being applied and the ones that are not applied does not cause any conflict of interest between the shareholders till today. It is planned to adopt the non-compulsory principles that should be applied at a limited number by making structural amendments and intra-company arrangements. Below, the principles that cannot be adapted yet and the detailed works executed within the scope of Corporate Governance Principles are explained.

- Although not expressed in the articles of association; no one in the Company has the right to decided unlimitedly.

- Pursuant to article 4.6.5 of Corporate Governance Principles; the wages given to the Members of the Board of Directors and the Senior Managers and all the other benefits provided are explained to public via the annual report. However, the explanations are not made on the basis of people but to specify the separation between the Board of Directors and the Senior Managers.

PART II - SHAREHOLDERS

Investor Relations Department

Investor Relations Department operates regarding to using share ownership within the body of our company and performs providing the communication between the Board of Directors and the current and potential shareholders and also to execute the transactions according to the CMB Corporate Governance Principles. This department serves under the Corporate Governance Committee and also Burak Altay, Deputy Chairman of the Board of Directors of the Company.

Within this Scope, Investor Relations Department is Responsible for;

- Making the presentation of the Company to domestic and foreign existing and potential corporate investors and to the intermediaries,
- Meeting the information requests coming from the analysts at these companies,
- Proactively and regularly informing the shareholders and corporate investors about the developments regarding to the Company via the conference and investor meetings,
- Responding the information requests coming from the domestic and foreign corporate investors excluding the confidential and commercial secrets and the information that are not explained to public,
- Answering the questions and requests coming from the shareholders,
- Making comparative analyses of other company performances showing activity in the same sector and the Company share performance,
- Performing the General Assembly Meetings according to the existing legislation and other company arrangements,

- Preparing the documents which will be used by the shareholders in General Assembly Meetings and submitting the said documents to the investors via the internet site of the Company three weeks before the General Assembly,
- Via the General Assembly Meeting minutes; recording the voting results and submitting the reports including the voting results to the shareholders,
- Executing, auditing and following all the liabilities arising from the Capital Market legislation including all kinds of matters related to financial reporting, Corporate Governance and public disclosure,
- Regularly following the content of “Investor Relations” at the internet site and making the updates,
- As of the three-month quarters; preparing the presentations of the activities and financial status of the Company for the related period; preparing the list of people having access to internal information and following the validity of this list,
- Providing bidirectional information flow between the shareholders and the Senior Management and board of Directors of the Company.

Odaş Investor Relations Department

Name Surname	Title	Telephone	E-mail
Melih Yüceyurt	Finance and Investor Relations Director	0216 474 1 474	yatirimciliskileri@odasenerji.com
Mehmet Erdem Aykın	Investor Relations Manager	0216 474 1 474	yatirimciliskileri@odasenerji.com

Usage of Rights to Information of the Shareholders

All kinds of information requests coming to Investor Relations Department, are answered without making any differentiation among the investors provided that they are trade secrets or information that are not disclosed to public. Accordingly, written and verbal net and detailed answers are given via telephone and e-mail to the information requests about various matters of the shareholders and every question is answered in order to satisfy the investors provided that they are not trade secrets.

Besides all the investors can access all kinds of data regarding to full, correct and current information from the “Investor Relations” section in the internet site of the Company (www.odasenerji.com.tr). in order to inform the shareholders about the developments that may affect their rights of usage; the instruments used in 2015 are shared from the Company internet site and the special case explanations made via Public DisClosure Platform.

Because the right of requesting a private auditor by the shareholders is arranged via legal legislations, there is no arrangement in the articles of association regarding to assigning a private auditor. There is no request for assigning a private auditor within the period.

General Assembly Meetings

General Assembly Meetings are performed in order to provide opportunity for wide participation and sufficient information of the shareholder by considering the Turkish Commercial Code,

Capital Markets Law and Corporate Governance Principles.

Ordinary General Assembly of the Company comes together at least once a year and the matters in agenda prepared by the Board of Directors are discussed and decided by considering Article 413 of Turkish Commercial Code. The notifications and advertisements of the General Assembly Meetings are published by considering the minimum periods specified in the articles of Turkish Commercial Code, Capital Markets Law and other relevant legislations via all kinds of communication tools including electronic communication in order to provide to reach maximum shareholders.

Ordinary general meeting of our company was held on 25 May 2015 at 14.00 at the Company’s head office located in Fatih Sultan Mehmet Mah, Poligon Cad, Buyaka 2 Sitesi No: 8/B 2. Kule Kat. 17 34771, Tepeüstü, Ümraniye/İstanbul. 2014 Ordinary General Assembly Meeting is performed under the Government Commissary assigned by Republic of Turkey Ministry of Customs and Trade. Agenda, minutes and list of participants of the meeting are present in the internet site of the Company.

Invitation to General Assembly Meetings are performed by the Board of Directors according to the articles of Turkish Commercial Code, Capital Markets Law and the articles of association of the Company. In order to execute the General Assembly Meeting, required explanations are made by KAP and Electronic General Assembly System (EGKS) at the time the decision of Board of Directors is taken, in and the public is informed.

General Assembly Meeting advertisement is made at least 3 weeks before the meeting via www.odasenerji.com in order to reach maximum number of shareholders besides the procedures foreseen by the legislation and also they are published in Turkish Trade Registry Gazette and in Turkey version of one of the daily gazettes with high circulation.

Before the General Assembly Meeting, a notification document is prepared regarding to the agenda and it is announced to public and all the legal periods and legislation are adapted in all the notifications. Within the scope of the agenda articles of General Assembly, including the audited annual report, financial statements and reports, Corporate Governance Compliance Report, profit distribution recommendation, independent audit reports and if any amendment will be done in the articles of association, the amendment text and its justification, Notification Policy, Wage policy, Profit Distribution Policy, curriculum vitae of all the candidate members of Board of Directors including the independent candidates and other documents constituting a basis for the agenda articles are kept open for inspection at least 3 weeks before the General Assembly Meeting at the Company headquarter and at the internet site.

General Assembly Meetings are performed at the Company headquarter via the Electronical General Assembly System as physical and electronical ways simultaneously. The location where the General Assembly Meetings are performed is planned in order to provide the participation of all the shareholders. Agenda titles of the General Assembly Meeting will not cause different interpretations and they are determined in order to have every offer evaluated under a separate title. During the General Assembly Meeting, the matters in the agenda are explained to the shareholders in detail, net and understandable method and the shareholders will be able to explain their thoughts and ask their questions under equal conditions. The questions asked by the shareholders during the General Assembly Meeting are answered by the Members of the Board of Directors and the Senior Managers of the Company.

Before the General Assembly Meeting, for the shareholders who will be represented by a proxy at the meeting, samples of power of attorney are submitted for the use of the shareholders via a gazette and the internet site. Voting procedure to be used in the meeting are submitted for the information of the shareholders via a gazette and the internet site. Voting by show of hands method is used in the voting of the agenda matters in our General Assembly Meetings.

After the General Assembly Meetings, the meeting minutes are kept at the minute book of the Company. Meeting minutes can be reached from KAP, EGKS and the internet site of the Company. General Assembly minutes, list of participants, agenda and advertisements are submitted for the evaluation of all the domestic and foreign investors at the same time.

Pursuant to article 1527 of Turkish Commercial Code; 2014 Ordinary General Assembly Meeting of the Company is performed by adapting the electronic General Assembly preparations of the Company according to the legal arrangements. The invitation of the meeting is made by including the agenda as foreseen in the Law and the articles of association in the Turkish Trade Registry Gazette with no 8804 and date 20.04.2015 and in the internet site of the Company, in Public Information Platform, Electronic General Assembly System (EGKS) of Merkez Kayıt Kuruluşu AŞ on 15.04.2015. It is understood that the shares of the Company are 47.600.180 TL, the 47.600.180 nominal of shares which are equal to 1 TL each; the value of 7.500.000 TL of 7.500.000 shares are represented by proxy where 22.853.731 pieces of shares in the value of 22.853.731 TL are represented in person and 1.491.112 shares equal to 1.491.112 TL are represented by their owners participated electronically; owners of totally 31.844.843 shares equal to 31.844.843 TL presented themselves and thus upon understanding that the minimum quorum foreseen in the articles of association is present in the meeting, the meeting is opened by the council chairman. The right of asking questions is given to the shareholders in 2014 Ordinary General Assembly and no question or opinion has come from the shareholders in the "Wishes and Requests" section that is the final article of agenda.

Agenda, list of participants and meeting minutes of the General Assembly Meeting are kept at the Company headquarter as open for the inspection of the shareholders. Also in the Investor Relations Section on the internet site of the Company; documents of the General Assembly Meeting are submitted for the information of all the shareholders and partners. In 2014, a separate agenda article is specified in the General Assembly Meeting regarding to the amount of the donations and supports made within the period.

The shareholders having the control of management, Members of the Board of Directors, managers having administrative responsibility and their spouses and relatives up to second degree, partners or subsidiaries have not made any significant transaction that may cause a conflict of interest.

Voting Rights and Minority Rights

Voting procedure in General Assembly Meetings are notified to the shareholders at the beginning of the meeting. The applications complicating the usage of voting rights are avoided at the Company.

At the ordinary and extraordinary general meetings of the Company, group (A) shareholders shall have the right for 15 votes for each share while group (B) shareholders shall have right for 1 vote for each vote. The shareholders can be represented by an internal or external proxy at the General

Assembly Meetings.

The representatives who are shareholders at the Company shall be authorized to exercise the votes of the shareholders that they represent in addition to their own votes. The form of the authorization certificate shall be determined by the Board of Directors within the framework of the regulations of the Capital Market Board. The authorization certificate must be in written.

The representative has to exercise the vote in line with the transferor's desire provided it is specified in the authorization certificate of the authorization transferring shareholder. The regulations of the Capital Market Board shall be conformed to with respect to proxy voting. They should be exercised thereby raising hand by showing documents which state the proxy voting as well within the framework of the regulations of the Capital Market Board. However, secret vote shall be sought upon the desire of the shareholders having one-twentieth of the capital among the shareholders present at the meeting.

Within the scope of article 7, 8 and 10 of the articles of association (Board of Directors, showing a candidate for the Board of Directors, selection of a chairman and a deputy chairman, representing the Company and voting right at the General Assembly); Group shares have a privilege in the determination of the Members of Board of Directors and in the usage of the right of vote at the General Assembly.

Dividend Right

The profit distribution decisions of the Company shall be determined and distributed based on the Turkish Code of Commerce, Capital Market Board (CMB) Legislation and Decisions, Tax Laws, other legal legislation articles and the articles of association. In profit distribution; an equalized and compliant policy is observed between the shareholders and the Company benefits according to the Corporate Governance principles.

Profit distribution of the Company will be submitted to the information of the shareholders at the General Assembly Meeting as a separate agenda article every year. Profit distribution policy of the Company is published in the annual report and on the internet site of the Company. The Company has no privileged shares for profit distribution. Every share of the Company has the right to get equal ratio of profit.

The Company may distribute a dividend advance to the partners within the arrangement in article 20 of Capital Market Law. Distribution type and time of the profit to be distributed is decided by the General Assembly upon the offer of the Board of Directors about this matter.

Within the scope of Article 9 of the declaration with series: IV and no 27 of Capital Markets Board and article 20 of the Capital Market Law, in case no sufficient profit is developed at the end of the accounting period or a loss has occurred, it is decided to deduct the extraordinary reserve funds

in the balance sheet of the previous year or in case the extraordinary reserve funds are not sufficient to meet the loss, according to article 10 of the same declaration; the guarantee taken against the dividend advance is converted into cash and this amount will be deducted from this amount.

Share Transfer

For and in case of the share acquisitions which result in the shares of a shareholder exceeding five percent of the Company capital and/or share transfers which result in the shares of a shareholder falling below the above rates upon the direct or indirect acquisition of the shares which represent five percent or more of the Company capital by a real or Corporate Entity, the approval of the Energy Market Regulatory Board will be taken every time, and necessary material disclosures will be announced pursuant to the Capital Market legislation. This article is valid in case a right of voting is obtained.

Although there is no share transfer; the privilege assignment on the current shares, removal of the privilege or issuance of a dividend share will be submitted for the approval of Energy Market Regulation Board without considering the above mentioned foreseen proportional limits.

Regarding to the transfer of Group (A) shares; the Board of Directors has the right to abstain from recording to the share ledger and from not giving approval to this transfer by showing the purpose of the Company and protecting the economic independence of the Company within the scope of Article 493 of TCC. Transfer of Group (B) shares that will be processed in bursa cannot be limited.

Within the scope of the project finance that is provided as irrevocable, pursuant to the credit agreement articles such as the overdue of the Company for its payments, in case the market share limits foreseen in the relevant legislation are exceeded when the Company has a control and/or the Company has a subsidiary relationship, the said violation will be eliminated within the period given by the Energy Market and Regulation Board against these banks and/or finance companies.

Provided that the above mentioned articles are reserved; the transfer of the nominal shares of the Company are subject to the relevant articles of Turkish Commercial Code, Capital Markets Legislation and Energy Market Regulation Board.

PUBLIC DISCLOSURE AND TRANSPARENCY

Corporate Internet Site and its Content

The internet site address of the Company is www.odasenerji.com.tr and in the section under the Investor Relations, Corporate Governance Principles of CMB are specified. Internet site is developed in order to inform the shareholders, stake owners and all the public as open,

net and simultaneously. Information at the internet site are continuously updated. Information specified here are also prepared in English in order to have the international investors benefit from such data.

Annual Report

Annual report of the Company is prepared in detail as foreseen in the Turkish Commercial Code and Capital Market Legislation in order to have the shareholders, public and other benefit owners be informed about the Company activities.

STAKEHOLDERS

Informing the Stakeholders

In order to provide to inform the Company stakeholders about the relevant matters; required arrangements are done at the internet site and all kinds of information about the Company are submitted to the information of the stakeholders according to the Corporate Governance Principles. Shareholders, investors and analysts can reach to the financial reports, annual reports and other information of the Company from the internet site of the Company. Additionally, some of the important notifications and messages are delivered to the personnel via electronic mail. Audit Committee is responsible for providing and auditing compliance with legal arrangements and Corporate Governance Committee is responsible for inspecting and finalizing the complaints came from the shareholders and stakeholders about the matters related to Corporate Governance.

Contribution of Stakeholders to the Management

No model is developed regarding to the contribution of the stakeholders in the Company Management. On the other hand, the requests and recommendations submitted by the employees and other stakeholders in the meetings are evaluated by the managers and suitable policies and applications are being developed.

Human Resources Policy

Human Resources Policy of Odaş Enerji is based on being an indispensable employer that enhance the quality of employee life shift their performance capacities to high standards.

Human Resources mission is to create a communication-based common language among all employees, to improve the performance of the group in a sustainable way with innovative, creative, solution-based ideas of a dynamic, motivated and high quality labor force, to establish human resources system to create a perfection-oriented culture adopted by all individuals.

Human Resources Policy aims to enable employees to make use of their own capabilities at optimal level and to maintain their self-improvement. The policy consists

of 3 core processes:

- Set goals and distribution to employees
- To establish communication methods among employees in an open communication and timely constructive feedback networks
- To plan optimal development activities to ensure that the employees do their duties in the best way and to set the ground for them to improve themselves constantly to prepare for their duties in their current positions and other future duties.

Maintaining effective and transparent relations with employees in coordination of the Human Resources Department is under the responsibility of all managers. All managers are obliged to treat all the Company employees equally and fairly without superior-subordinate pressure. As a result of the sensitivities about the equality principles taking at the beginning of the general principles of Odaş Enerji management understanding; no negative feedback or complaint is received from the employees about discrimination.

In Odaş Energy Group, we abide by the principle of informing the Company employees of definitions and distributions of jobs and performance and reward criteria. Business analyses and evaluations regarding all duties in the organization are carried out in detail and they are periodically reviewed in parallel with business expansion. All competences and qualifications required for performing these duties are determined as a result of these studies, and recruitment processes are managed by taking these pre-determined criteria for each position into consideration. In addition, the areas that need to be improved are identified in feedback interviews we have with the employees every year and regulatory and preventive actions are carried out.

Ethical Rules and Social Responsibility

Ethical rules of the Company are prepared in a written form and submitted for the information of the employees. Ethical rules are defined, updated and published by the Board of Directors.

Odaş Enerji Business Ethics Rules are integrated with Odaş Enerji policies and values and it is requested to have all the Board of Directors including the managers adapt these rules.

Honesty

In all our business processes and relations, honesty and truth are our most important values. We act with honesty and truth in all our relations with our employees and in all other relations.

Discrimination

Discrimination in age, language, religion, race, health status, gender and marital status is contrary to business rules. The employees can directly inform Human Resources Department about their complaints about this matter. Submission of any complaint about this matter cannot be prevented.

Confidentiality

Our personnel are obliged to comply with the occupational confidentiality principles determined by the laws.

As the personnel of Odaş Energy Group; we care the protection of confidentiality and secret information of our customers, personnel and other relevant people and companies.

Group protects the confidential information regarding to the activities of its companies and uses such information only according to the purposes of Odaş Energy Group and we share such information only with the people having the relevant authorities.

Prevention of Conflict of Interest

It is forbidden to have the personnel of Odaş Enerji, his/her family or a relative be in close relationship with people or organizations at which he/she will benefit from the position of our personnel in the Company, from the decisions to be taken or benefit from the confidential information.

During their duties, the personnel abstain from all kinds of actions and behaviors that may be interpreted as

providing an interest for their own or their relatives and also the personnel cares to protect the benefits of the Company.

Conflict of interest occurs in case the private interests of the personnel and the interests of Odaş Enerji conflict with each other. The situation that the personnel obtain noncompliant personal interests due to his/her position is also a case of conflict of interest.

None of the employees can utilize the Company operations in favor of the family members or any relatives; cannot use the estates, information and positions of the Company for his/her personal interests and cannot compete with the Company.

Odaş Enerji personnel gives/takes gifts only within the scope of the rules determined within the Company and only from the Companies, people and enterprises that have a business relationship.

Regarding to the protection and correct usage of our company assets; our personnel should protect and use the Company assets suitably. All the assets of the Company should only be used for business purposes.

Board of Directors

Structure and Formation of the Board of Directors

The Company shall be represented and administered by a Board of Directors which consists of minimum five (5) members to be elected by the General Assembly pursuant to the provisions of the Turkish Code of Commerce, Capital Market Law and legislation and these Articles of Association.

Members of the Board of Directors of our company are selected as follows in order to operate till the Ordinary General Assembly Meeting that will come together in order to inspect the 2015 accounts:

Name Surname	Relationship with The Company	Independency Status	Duties Taken at Other Committees
A. Bahattin Özal	Chairman of BOD	Not independent	None
Burak Altay	Deputy Chairman of BOD (General Manager)	Not independent	None
Mustafa Ali Özal	Member of BOD	Not independent	None
Hafize Ayşegül Özal Dinç	Member of BOD	Not independent	None
Yavuz Baylan	Member of BOD	Independent	Audit Committee/ Corporate Governance Committee/Early Risk Determination Committee
Salih Erez	Member of BOD	Independent	Audit Committee/ Corporate Governance Committee/Early Risk Determination Committee

Deputy Chairman of the Board of Directors Mr. Burak Altay is also the General Manager of the Company. Mr. Yavuz Baylan and Mr. Salih Erez, for whom it is determined that they have the independency criteria specified in Corporate Governance Principles of Capital Markets Board, are selected as the Independent Members of the Board of Directors.

Written declarations of each of the Independent Members of the Board of Directors regarding to their independency are as follows.

i. I, my spouse and my relatives up to fifth level and the legal people related to any parties of Odaş Elektrik Üretim ve Ticaret AŞ (“Odaş Enerji”) or Odaş Enerji Capital directly or indirectly with a share of 5% or more have not developed any direct or indirect employment, capital and significant trade relations,

ii. Within the last five years, especially the audit, grading and consultancy companies of Odaş Enerji, I have not worked in the Companies executing all or part of the activities and organization of Odaş Enerji within the scope of the agreements and I have not participated as a Member of the Board of Directors,

iii. Within the last five years, I am not a partner, employee or a Member of the Board of Directors in any of the Companies providing significant service and products to Odaş Enerji,

iv. I have the occupational training, knowledge and experience in order to execute the duties that I will undertake as a Member of the Board of Directors,

v. I did not work full time at state institutions and organizations and I am deemed to domiciled in Turkey according to the Income Tax Law,

vi. I have the strong ethical standards, occupational reputation and experience in order to contribute positively in Odaş Enerji activities, to protect my objectivity in the conflicts of interest between the partners, to decide with my free will by considering the rights of the stakeholders,

vii. I can spend sufficient time for the Company works in order to track the operation of the activities of Odaş Enerji and to completely execute the works that I have undertaken,

I submit these matters to the information of our Board of Directors, partners and all the related parties.

No case has occurred that will eliminate the independencies of the independent members throughout their duty period till the reporting date.

No limitation is specified regarding to the Members of the

Board of Directors to work at different duty or duties out of the Company.

As of the current status, the Members of the Board of Directors do not perform any transactions that may cause a conflict of interest with our Company and does not operate regarding to competing with the Company at the same activity matters.

Activity Basis of the Board of Directors

Meeting frequency of the Board of Directors and the matters regarding to the quorum are specified in the articles of association of the Company. Accordingly, the Board of Directors shall convene with one member plus the half of the members when necessary for company works and transactions. The decisions of the Board of Directors shall be taken with the majority of the current members the meetings of the Board of the Directors can be made in a suitable place of the city where the corporate headquarters or administration centre is located or in another city upon the decision of the Board of Directors.

Secretariat of the meetings of the Board of Directors is performed by the Law Department.

The meeting agenda of the Board of Directors is determined as a result of the meetings to be done with the CEO and/or the General Manager and the Members of other Board of Directors. During the determination of agenda, the requests coming from the managers are considered.

The Board of Directors have met 30 times in the year 2015. There is no contrary opinion recorded in the minutes regarding to the decisions taken in all the meetings. However, in case such a situation occurs, all the matters will be recorded in the minutes.

When required by the Capital Market legislation; important decisions of the Board of Directors are explained to public via a special case explanation. In 2015; totally 47 special case explanations are done.

None of the Members of the Board of Directors, including the Chairman, has a weighed voting right and/or a negative veto power. Every member has one voting right in the meetings.

The faults of the Members of Board of Directors during their duty periods and the damages that may occur in the Company have not insured yet.

Number, Structure and Independency of the Committees Developed within the Body of the Board of Directors

During the public offer period of the Company shares;

two committees as Audit Committee and Corporate Governance Committee are developed upon the decision of the Board of Directors on 21.03.2013.

Also the Early detection of risk committee is founded upon the decision of the Board of Directors on 25.12.2013. Execution of the duties and duties and responsibility that are foreseen for the Nomination Committee and Wage Committee are performed by the Corporate Governance Committee.

Duties and working basis of the Committees developed within the scope of Corporate Governance Principles have entered into force upon the decision of the Board of Directors dated 25.12.2013 and they are published in the Public Disclosure Platform and also Duties and Working Basis in which general procedures regarding to the activities to be performed by all the Committees is updated on 12.06.2015 and submitted for the information of the stakeholders at the Public Disclosure Platform and at the internet site of the Company.

Audit Committee

The Audit Committee is structured according to the Corporate Governance Principles of Capital Markets Board. The Committee consists of at least two members. The Chairman and the members of the Committee are selected from the independent members of the Board of Directors and Mr. Yavuz Baylan is the Chairman of the Committee and Mr. Salih Erez is the member of the Committee. Chairman of the Committee has worked at a similar work before, has sufficient knowledge to analyze the financial statements and knows the accountancy standards and is highly qualified.

The purpose of the Committee reporting to the Board of Directors is to aid the Board of Directors under the surveillance of the accountancy system and financial information of the Company and independent audit and internal control system according to the Capital Markets Legislation and the basis in this arrangement, to evaluate the matters specified according to the evaluations and to report them to the Board of Directors. The arrangement regarding to the meeting of the Committee at least once every 3 months is specified in the Duties and Working Basis of the Audit Committee.

Corporate Governance Committee consists of 3 members as 2 independent and 1 company authority of the Board of Directors who are not engaged in the execution.

Members of Corporate Governance Committee

Name Surname	Relationship with The Company	Independency Status
Yavuz Baylan (Committee Chairman)	Independent member of BOD	Independent
Salih Erez (Committee Member)	Independent member of BOD	Independent
Melih Yüceyurt (Committee Member)	Finance and Investor Relations Director	Not independent

Corporate Governance Committee

The Committee is formed to carry out activities on issues such as monitoring and implementing the compliance of the Company to the Corporate Governance Principles in accordance with the Capital Market legislations, determining the reasons if not implemented, carrying out improving works to increase efficiency, determining the candidates anticipated for election to the Board of Directors, establishing the approach, principles and implementations of the Company on the salaries, performance assessment and career planning of the Board of Directors and directors with administrative responsibilities, and monitoring the investor relations activities, and to support and assist the Board of Directors via implementable recommendations

The Committee is formed in accordance with the Company's Articles of Association. Committee consists of at least two members or more. Whether the Committee consists of two member or more, the members shall not be in charge of execution for the Company. The Chairman of the Company's Executive Board/General Manager cannot be assigned to the Committee. The Chairman of the Committee are selected from the independent members of the Board of Directors. The director of the Investor Relations Department is assigned as a member of the Corporate Governance Committee. Other than this, people who are not Board Members but are experts in their fields can also be assigned as members of the Corporate Governance Committee. The Company's Board of Directors assign the members of the Corporate Governance Committee at the first Board meeting following the Ordinary General Assembly in which they have been elected. The Corporate Governance Committee meets at least three times in a year.

When required, they convene at the Company Headquarters upon the invitation made by the Committee Chairman through the secretariat of the Board of Directors. The Committee Meetings are held with the participation of the Committee Members at a number one more than the half of the number of members; the decisions are taken with majority vote and recorded in writing, signed by the Committee Members in the next meeting to be held, and archived.

Early Determination of Risk Committee

Early determination of risk committee consists of at least 2 members of the Board of Directors who are not engaged in the enforcement committee. Committee Members consist of two independent members of the Board of Directors and Mr. Salih Erez is the Chairman of the Committee and Mr. Yavuz Baylan is the Member of the Committee.

Early determination of risk committee is founded in order to provide the Company's Board of Directors with suggestions and recommendations on early detection and assessment of all the strategic, financial, legal and other risks that may jeopardize the existence, development and continuity of the Company; calculation of their impacts and possibilities; management and reporting of such risks in accordance with the corporate risk-taking profile of the Company; implementation of the necessary measures related to the established risks; taking these into account in decision-making mechanisms; and establishment of effective internal control systems according to the Turkish Commercial Code, articles of association and Corporate Governance Legislation of Capital Markets Board.

The Committee Reports to the Board of Directors. Arrangement regarding to the meeting of the Committee is explained in The Duties and Working Basis of Early Determination of Risk Committee.

Risk Management and Internal Control Mechanism

Odaş Enerji prepares its financial statements as consolidated according to the relevant legislation. UFRS based financial statements are prepared as of the quarter periods in two main activity groups including electricity production and electricity wholesale trade. At Odaş Enerji grade; elimination of the transactions is performed between the said two groups and consolidated financial statements are being developed. Periodical financial results of the Companies' subject to consolidation and their performances are analyzed and they are subject to consolidated financial reporting. Odaş Enerji internal control activities are executed under the responsibility of the Audit Committee. In the quarter periods when the financial statements are explained to public, consolidated financial statements are submitted to the Board of Directors after the control and approval of the Audit Committee.

New Turkish Commercial Code (TCC) that has entered into force on 1 July 2012 has made risk management activity as a liability for public limited companies. Via the decision of the Board of Directors dated 25.12.213; Early Determination of Risk Committee that is developed depending on the Board of Directors, is founded in order to submit opinions and recommendations to the Board of Directors regarding to the early determination of the

risks that may endanger the presence, development and continuity of the Company, application of the precautions that should be applied regarding to the specified risks and the management of the risk.

Strategic Aims of the Company

Odaş Enerji aims to develop a bilateral strategy in order to develop its presence in the sector. By courtesy of this bilateral strategy, business areas providing synergy with vertical and horizontal integration will increase together with the overlying monetary values.

Within this scope, electricity production and sales which is our current main activity subject, is planned to be rapidly integrated in coal mining production and direct sales.

Financial Rights

Pursuant to the Corporate Governance principles; a "wage policy" is created for the Members of the Board of Directors and the Senior Managers in a written form and it is accepted in the meeting of the Board of Directors dated 25.12.2013 and the shareholders are informed via KAP and als published in the internet site of the Company.

Pursuant to the articles of association; monthly wafes and daily allowances of the Members of the Board of Directors are decided by the General Assembly. In 2014 Ordinary General Assembly Meeting performed on 25.05.2015; it is decided to pay 6.000 TL net monthly wage for the Members of the Board of Directors.

Financial rights provided for the Members of the Board of Directors and the Senior Managers including the group managers of the Company are as follows:

	Total Financial Benefits
Board of Directors	833.580 TL
Senior Managers	1.897.738 TL

The payments done for the Members of the Board of Directors include monthly fees. The wages to be given to the Members of the Board Directors are determined according to the profitability ratio, performance and internal balance of the Company and they are cash payments made in specific periods of every month.

The payments made to the Senior Managers of the Company include monthly payments. The wages to be paid to the Senior Managers are determined by considering the titles and the feature of the work done, experience, performance and the wage policies applied

in the same sector for similar duties, intracompany balances, inflation and the achievement of the financial targets of the Company in the relevant year.

The wage applications are observed in order not to consist of any incentive systems that may harm the benefits of the partners, employees and customers. The wages are updated once every year by revision. No debt or credit is given to any member of the Board of Directors or to any managers, no credits are used via a third party for a personal credit or no guarantees such as commitments are given.

INCENTIVE AND AIDS

Odaş Elektrik Üretim San Tic AŞ

Odaş Enerji has an investment incentive certificate with no E-102704 and date 15.04.2014 that is prepared together with the final revisions by Republic of Turkey Ministry of Economy General Directorate of Incentive Application and Foreign Capital.

Investment incentive certificate is given for the completely new investment at Şanlıurfa Merkez and VAT deduction and Customs Tax exemption are used. Total amount of the investment based on the incentive certificate that will be financed completely by foreign sources is 127.000.000 TL.

Our project is completed within the period presumed in the Investment Incentive Certificate and an application is done to the Ministry of Economy in order to get the Incentive Completion Visa (Incentive Closing).

Küçük Enerji Üretim ve Tic Ltd Şti

Köprübaşı Reg. and Hydroelectricity Power Plant within the body of Küçük Enerji Üretim ve Tic. Ltd Şti, that is the subsidiary of Odaş Enerji; has an investment incentive certificate with no A-113287 and date 31.12.2013 that is prepared by Republic of Turkey Ministry of Economy General Directorate of Incentive Application and Foreign Capital.

The investment incentive certificate is given for the completed new investment at Trabzon Köprübaşı 3rd area and it consists of the 18.12.2013-18.12.2016 periods. VAT exception and Customs Tax incentives can be used by the certificate. The project will be financed by foreign sources and equities and the total amount of the investment based on the incentive certificate is 28.571.000 TL.

Çan Kömür ve İnşaat AŞ

It has an investment incentive certificate with no 117824 and date 06.02.2015 that is prepared by Republic of Turkey Ministry of Economy General Directorate of Incentive Application and Foreign Capital. The said

investment is a domestic charcoal-based electricity production power plant (Çan-2 Thermal Power Plant) with an installed capacity of 340 MW and the incentive certificate is prepared according to the preliminary license of EMRA with no ÖN/5117-5/03070 and date 10.07.2014.

PROFIT DISTRIBUTION POLICY

The profit of the Company shall be determined and distributed based on the Turkish Code of Commerce, Capital Market Legislation and generally accepted accounting principles. The net profit is the amount seen in the annual balance, obtained after deducting the incomes determined at the end of the operating cycle of the Company, the general expenses of the Company and the amounts to be paid and allocated by the Company such as several depreciation, and the taxes and all financial liabilities to be paid by the legal entity of the Company from the incomes which are determined at the end of the fiscal year and it shall be distributed as shown below respectively after deducting the accumulated losses if any.

Primary Reserves

5% legal reserves shall be allocated based on the provisions of the related article of the Turkish Code of Commerce.

First Dividend

From the remainder, the first dividend shall be allocated in compliance with the Turkish Code of Commerce and Capital Market Legislation over the amount obtained by adding the amount of contributions made within the year, if any.

After making the above deductions, the General Assembly shall be entitled to decide the distribution of the profit share to the members of the board and officers, servants and workers, foundations and similar persons and institutions.

Second Dividend

The General Assembly shall be entitled to distribute the amount remaining after deducting the amounts specified in subparagraphs (a), (b) and (c) from the net profit partially or wholly as the second dividend or allocate as extraordinary reserves.

Secondary Reserves

From the amount agreed to be distributed to the shareholders and other persons participating the profit, one-tenth of the amount obtained after deducting the profit rate at the rate of 5% shall be allocated as secondary reserves pursuant to the 2nd paragraph of article 519 of the Turkish Code of Commerce.

Unless the reserves which should be allocated pursuant

to the provision of law are allocated, unless the first dividend which is determined for the shareholders in the articles of association is distributed in cash and/or as shares; it cannot be decided to allocate further reserves, transfer profit to the following year and distribute profit shares to the members of the board, officers, servants and workers, foundations founded for several purposes and similar persons and/or institutions in the dividend distribution.

The dividend regarding the shares shall be distributed to all of the current shares as of the end of the operating cycle without considering their dates of issue and acquisition, without applying the principle of per diem deduction.

The Company can distribute dividend advance to its shareholders within the framework of the regulation in article 20 of the Capital Market Law.

The way and time to distribute the profit shall be decided by the General Assembly upon the proposal of the Board of Directors in this regard.

The date of the profit distribution to the shareholders is decided by the General Assembly upon the offer of the Board of Directors. Profit share payments are performed within the legal period. In other distribution methods, relevant legislation and regulations of CMB are adapted.

Dividend to be paid according to the decision of the General Assembly; can be completely cash or completely free shares but also they can be partially cash and partially free shares. In profit distribution policy; a consistent policy is observed between the benefits of the shareholders and the Company.

In case no profit is distributed, the Board of Directors submits the reason of not distributing the profit and how the undistributed profit is used to the information of the shareholders.

CASES

There are various cases opened regarding to the commercial activities with an amount of 1.067.646 TL that are opened as contrary to Odaş Enerji Elektrik Perakende Satış AŞ and an amount of 4.000 TL as contrary to Küçük Enerji Üretim ve Ticaret Ltd Şti as of 31 December 2015, the results of cases have not specified yet. Regarding to the said cases, Group management does not expect a negative result and these cases will not affect the activity results, financial status or liquidity of the Group.

As of 31 December 2015, because the possibility of the completion of the opposite cases against the Group by the Group Management is less than the possibility of not creating any liability; recognition cannot be done regarding to the case liabilities in the financial statements.