

2023 Annual Report



CONTENT

About ÇATES Elektrik Üretim A.Ş.

Information on the Report and the Company

01 Highlights in 2023

03 2023 in Figures

ÇATES at a Glance

09 Milestones

11 Shareholder Structure

12 Corporate Values

13 Çates Elektrik Üretim AŞ Portfolio

15 Subsidiaries

15 Aydem Energy Group Companies

From the Management

17 Message from the General Manager

2023 Activities

19 Türkiye's Thermal Energy Sector in 2023

21 Areas of Activity and Investments

Sustainability

25 Sustainability Approach and Organization

27 Sustainability Principles Compliance Framework

31 Human Resources

40 Organizational Chart

41 Health, Environment, Occupational Health and Safety

43 Corporate Social Responsibility

45 Research and Development Activities

45 Information Technology

Corporate Governance

47 Board of Directors

53 Declarations of Independence

53 Evaluation of the Board of Directors

55 Senior Management

57 Declaration of Compliance with Corporate Governance Principles

57 General Assembly

57 Declaration of Compliance with Corporate Governance Principles

59 Corporate Governance Compliance Report

66 Corporate Governance Information Form

69 Financial Rights Provided to Board Members and Senior Executives

70 Internal Audit and Control Activities

71 Changes between the End of the Period and the Preparation of the Report

71 Amendments to the Articles of Association

99 Legislative Changes in 2023

99 Information on Lawsuits Filed Against the Company that May Affect the Financial Position and Activities of the Company and Their Possible Results

99 Explanations on Administrative or Judicial Sanctions Imposed on the Company and the Members of the Governing Body Due to Practices Contrary to the Provisions of the Legislation

100 Information on Own Shares Acquired by the Company

100 Information on Preferred Shares

101 Ratings

101 Donations and Aids

101 Other Considerations

Financial Status and Risk Management

103 Information on Risk Management Practices

105 Information on Private Audit and Public Audit Conducted in 2023

105 Dividend Distribution Policy

107 2023 Dividend Distribution Proposal

107 2023 Dividend Distribution Table

Financial Information

109 Statement of Responsibility

109 Annual Engagement Report

111 2023 Declaration on the Annual Report

112 112 Independent Auditor's Report on the Board of Directors' Annual Activity Report

112 Unconsolidated Financial Statements and Independent Auditor's Report as of 31 December 2023

Contact

INFORMATION ON THE REPORT AND THE COMPANY

Accounting Period of the Report: 01.01.2023-31.12.2023

TRADE REGISTER INFORMATION

TRADE REGISTER NUMBER: 8907

TRADE NAME ÇATES ELEKTRİK ÜRETİM
ANONİM ŞİRKETİ

ADDRESS: ŞAHİNLER MAHALLESİ ŞAHİNLER
(KÜME EVLER) YATAĞAN TERMİK SANTRALİ
SİTESİ NO: 259/1 YATAĞAN/MUĞLA

ISSUED CAPITAL 165.200.000,00 TL

REGISTERED CAPITAL CEILING: 300.000.000,00 TL

COMPANY REGISTRATION DATE: 19.09.2014

MERSIS NO 0165029763900019

**Date of Listing on the Stock
Exchange (BIST):** 7 December 2023

Stock Exchange: Borsa Istanbul

Traded Market: Star Market

Transaction Code: CATES

Indexes Traded:

BIST Services / BIST Electricity / BIST Stars / BIST IPO /
BIST All / BIST All-100 / BIST Participation All / BIST 500



ÇATES AT A GLANCE



Highlights for 2023

Intense Participation in the Initial Public Offering of ÇATES



As the first and only local hard coal power plant of our country, our initial public offering (IPO) offering was completed with intense participation. Demand for the public offering of ÇATES was 3.7 times higher than planned.

The public offering of our power plant, which makes a critical contribution to meeting Turkey's growing energy demand with the uninterrupted electricity it generates, was oversubscribed 3.7 times more than planned, with local individual investors demanding approximately 2 times the allocation amount, local institutional investors demanding approximately 10.5 times the allocation amount, foreign institutional investors demanding 2.3 times the allocation amount, and Group employees demanding very close to the allocation amount.

According to the results of the book building held on 30 November–1 December 2023; the nominal shares of the company were offered to the public at a price of 57.15 TL; as a result of the sale of shares with a nominal value of 33.050.000 TL, the size of the public offering was 1.888.807.500 TL. 36 brokerage houses participated in the initial public offering (IPO) in a consortium led by Info Yatırım Menkul Değerler AŞ.

The ÇATES gong ceremony was hosted by Borsa İstanbul on December 7 with the participation of Borsa İstanbul AŞ General Manager Korkmaz Ergun, ÇATES General Manager Hamdi Alp, Consortium Leader Info Yatırım General Manager Tarkan Akgül, Borsa İstanbul executives and representatives of the business world. Our company started to be traded on Borsa İstanbul under the code "CATES".

Evaluating the results of the public offering, our General Manager **Hamdi ALP** said, "We are excited and happy to share the value that ÇATES generates for our country with our investors through the public offering. Following this intense demand for ÇATES, we will continue to work with all our strength to further improve the contributions we have made to our country and our industry to date, with the strength and confidence we have received from our investors. On this occasion, I would like to take this opportunity to thank all our stakeholders, especially our investors who trust in the present and future of our company, Info Yatırım, which led the IPO, and the brokerage houses that took part in the offering, and of course my colleagues who put their hearts and souls into ÇATES."

2023 in Figures



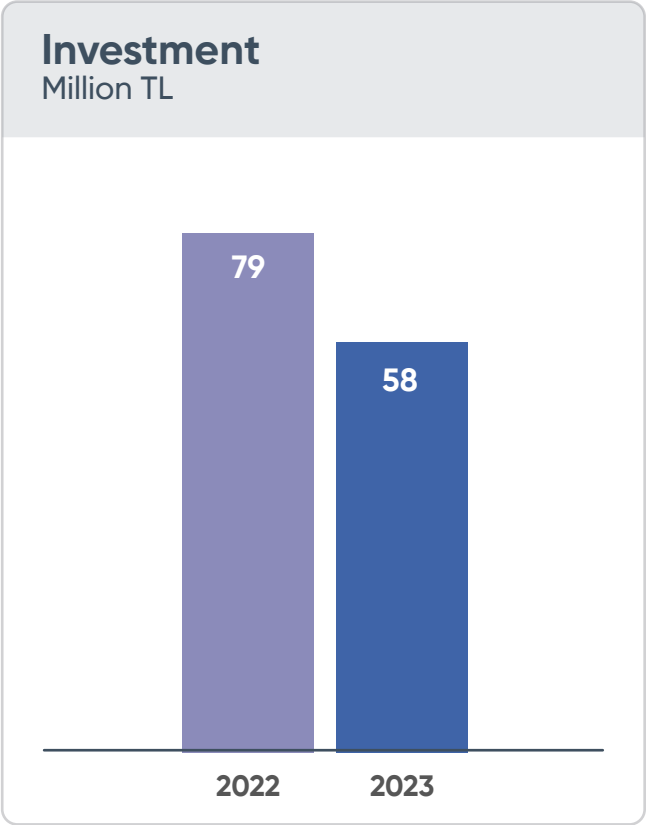
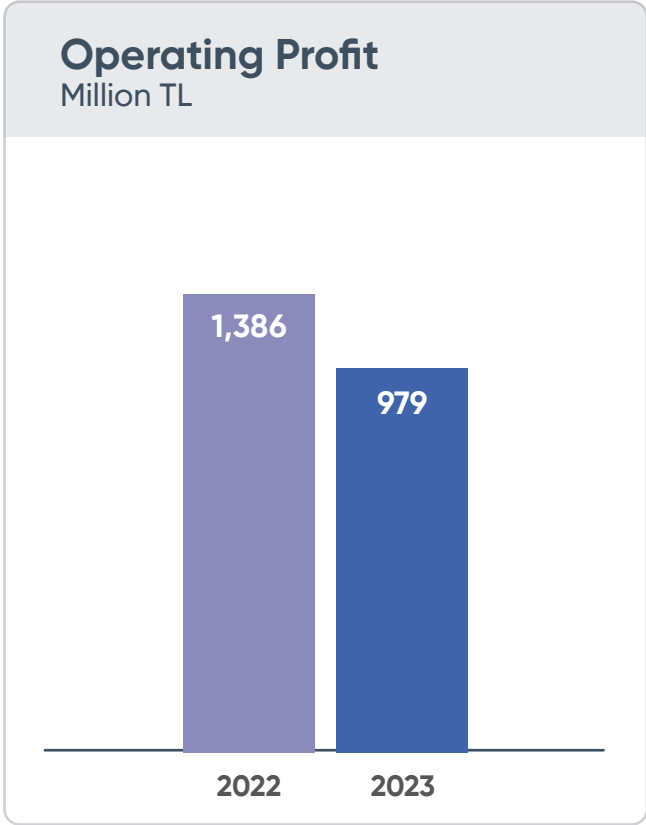
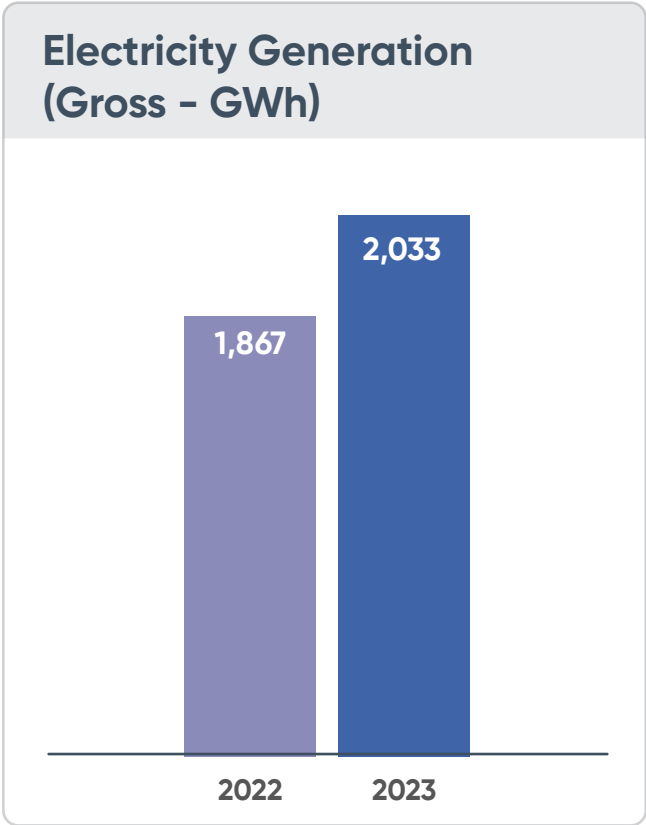
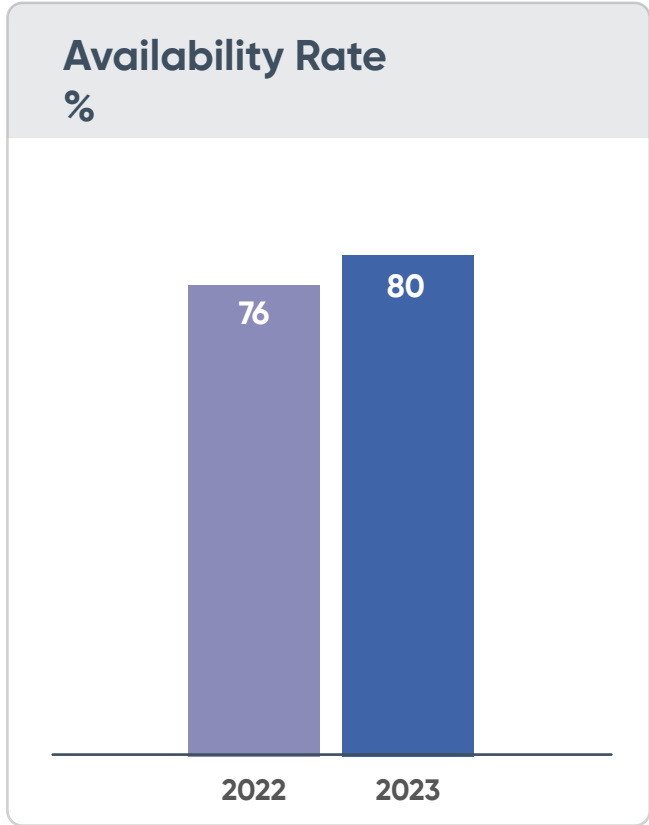
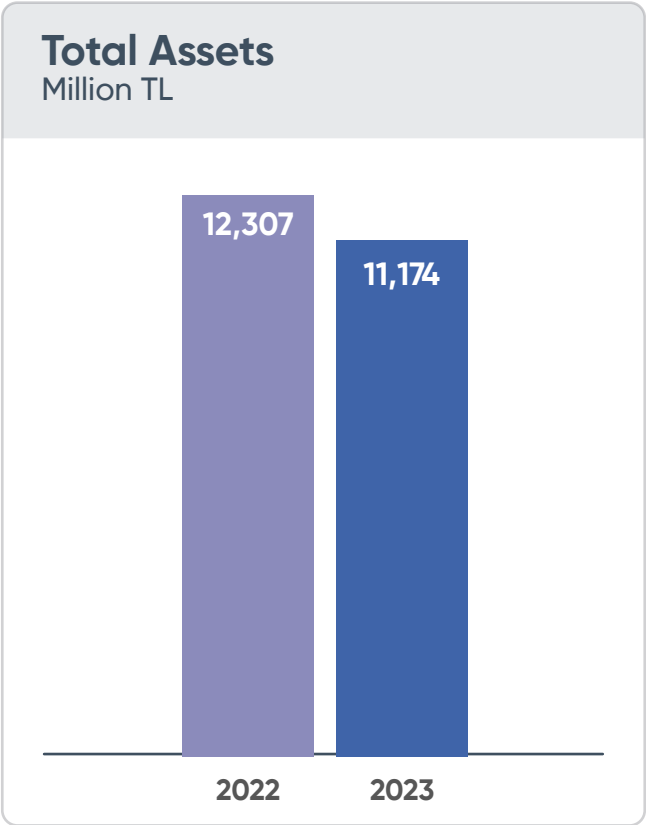
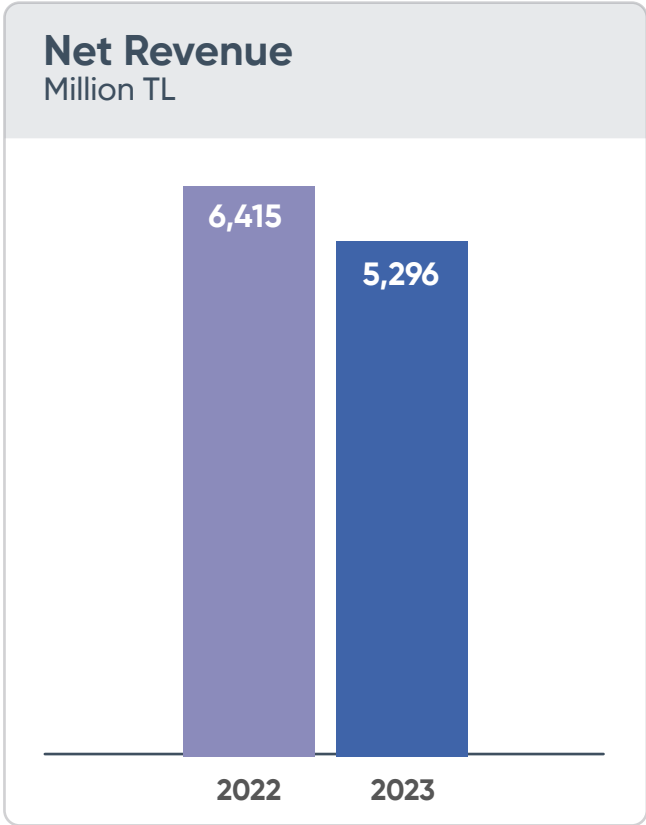
Installed Capacity
314,68 MW



Number of Employees
381 Person



Long-Term
Average Generation
2,286 GWh



Key Metrics Summary	31 December 2023	31 December 2022
Net Revenues (TL Million)	5,296	6,415
Total Assets (TL Million)	11,174	12,307
Total Investment (TL Million)	58	79
Operating Profit (TL Million)	979	1,386
Gross Electricity Generation (GWh)	2,033	1,867
Availability Rate (%)	80%	76%
Total Number of Employees	381	373
Generation Capacity (GWh)	2,286	2,286
Installed Capacity (MW)	314.68	314.68

2023 in Figures

Key Metrics Summary	31 December 2023	31 December 2022
Cash and Cash Equivalents (TL Million)	1,144	41
Revenue (TL Million)	5,296	6,415
Gross Profit/ (Loss) (TL Million)	838	1,360
EBITDA (TL Million)	1,678	2,020
Net Financial Debt / Equity (%)	0.57	62.81
Operating Profit / (Loss) (TL Million)	979	1,386
Net Profit / (Loss) for the Period (TL Million)	1,521	2,537
Net Financial Debt / EBITDA (TL Million)	0.03	1.85
Earnings / (Loss) per Share (TL)	10.98	31.92
Earnings / (Loss) per Share (TL)	46	3.734

2023	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
MCP - TL	3,431.49	2,802.71	2,126.22	1,770.82	1,907.28	1,623.92	1,977.40	2,251.01	2,006.84	2,249.84	2,066.91	2,075.00
PTF-USD	182.96	148.92	112.18	91.80	97.12	70.33	74.95	83.60	74.57	81.00	72.37	71.52
2023	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
PTT - TL	1,177.99	1,404.50	1,670.85	1,830.55	1,763.03	2,340.13	2,330.37	3,066.55	3,850.59	3,470.02	3,438.31	3,724.41
PTF-USD	87.27	103.15	114.65	124.73	112.94	138.01	134.15	170.33	210.84	186.97	184.99	199.86

Balance Sheet Items (TL Million)	31 December 2023	31 December 2022
Total Assets	11,174	12,307
Total Equity	8,083	5,944
Total Financial Debt	1,219	3,810
Net Financial Debt	46	3,734

Summary Statement of Financial Position (TL)	31 December 2023	31 December 2022
Current Assets	2,173,473,756	1,381,046,849
Fixed Assets	9,000,630,101	10,925,844,660
Total Assets	11,174,103,857	12,306,891,509
Short Term Liabilities	1,993,746,234	521,642,468
Long Term Liabilities	1,097,404,133	5,841,287,861
Equity	8,082,953,490	5,943,961,180
Total Equity and Liabilities	11,174,103,857	12,306,891,509

Summary Statement of Profit or Loss (TL)	31 Aralık 2023	31 Aralık 2022
Revenue	5,295,914,841	6,414,685,218
Cost of Sales (-)	(4,458,030,253)	(5,054,472,499)
Gross Profit	837,884,588	1,360,212,719
General administrative expenses (-)	(222,353,652)	(153,278,939)
Other income from operating activities	379,864,010	189,365,554
Other expenses from operating activities (-)	(15,909,410)	(9,807,362)
Operating Income	979,485,536	1,386,491,972
Income from investing activities	--	6,896,243
Expenses from investing activities	(583,586,451)	--
Operating profit before financial expenses	395,899,085	1,393,388,215
Finance income, net	614,676,878	1,474,754,562
Profit before tax from continuing operations	1,010,575,963	2,868,142,777
Tax income/(expense) from continuing operations	510,864,321	(331,048,568)
Net profit for the period	1,521,440,284	2,537,094,209

Generation with Local Resources



The first thermal power plant of the Republic of Turkey

Total Installed Capacity 314.68 MW

Çatalağzı Thermal Power Plant, which was established as the first baseload thermal power plant of the Republic of Turkey in Çatalağzı, Zonguldak, in order to contribute to the increasing electrical energy needs of the growing industry of our country, started to illuminate Turkey in 1948 by giving the name Luminescent to the neighborhood where it is located. With the completion of the economic life of Çates A power plant, Çates B power plant was commissioned in 1989. Our power plant, which was privatized in December 2014, has further expanded its light with the strong energy of Aydem Holding. Utilizing local resources to ensure electricity supply security, our power plant meets approximately 0.6% of Turkey's electricity demand. Çatalağzı Thermal Power Plant, Turkey's first local hard coal power plant, is distinguished from its peers by its location in Zonguldak, which is home to the richest coal reserves in Turkey, and its location on the seashore.

ÇATES was established to utilize the hard coal of the region, which could not be used in heavy industry, in energy generation. Aware of the importance of meeting the increasing energy demand with local production, it feeds its units, which are designed for 3,300 kcal/kg coal, with coal from the nearby region. The plant has two units with a total installed capacity of 2x157.34 MW (314.68 MW) and an annual generation capacity of 2,286,GWh.

The cooling water of the power plant, which generates in compliance with all environmental standards, is taken from stagnant water by pumps thanks to a breakwater built in the sea, while the boiler feed water used in the power plant comes from the pond in Dereköy. This water, which is processed in the liquidation plant, is given to the system once again after it is turned into pure water.

Çates Elektrik Üretim AŞ, which owns and operates the power plant, is a subsidiary of Aydem Energy. The power plant contributes to Turkey's energy supply security and strives to reduce its environmental impact for sustainable electricity generation.

The plant is pursuing strategies such as reducing carbon emissions, improving energy efficiency and investing in new technologies.

Gates Electricity Generation touches life by caring not only about its economic activities but also about the social development of the region and its employees. With its dynamic and sensitive structure, it is always proud to be a part of its ecology. To this end, it has gathered the social investments it has realized over the years under a single roof and continues them in a more institutionalized and effective manner. Aydem Energy makes a difference in many areas by contributing to social transformation with its "Aydem Equal Life" and "Aydem Academy" programs.

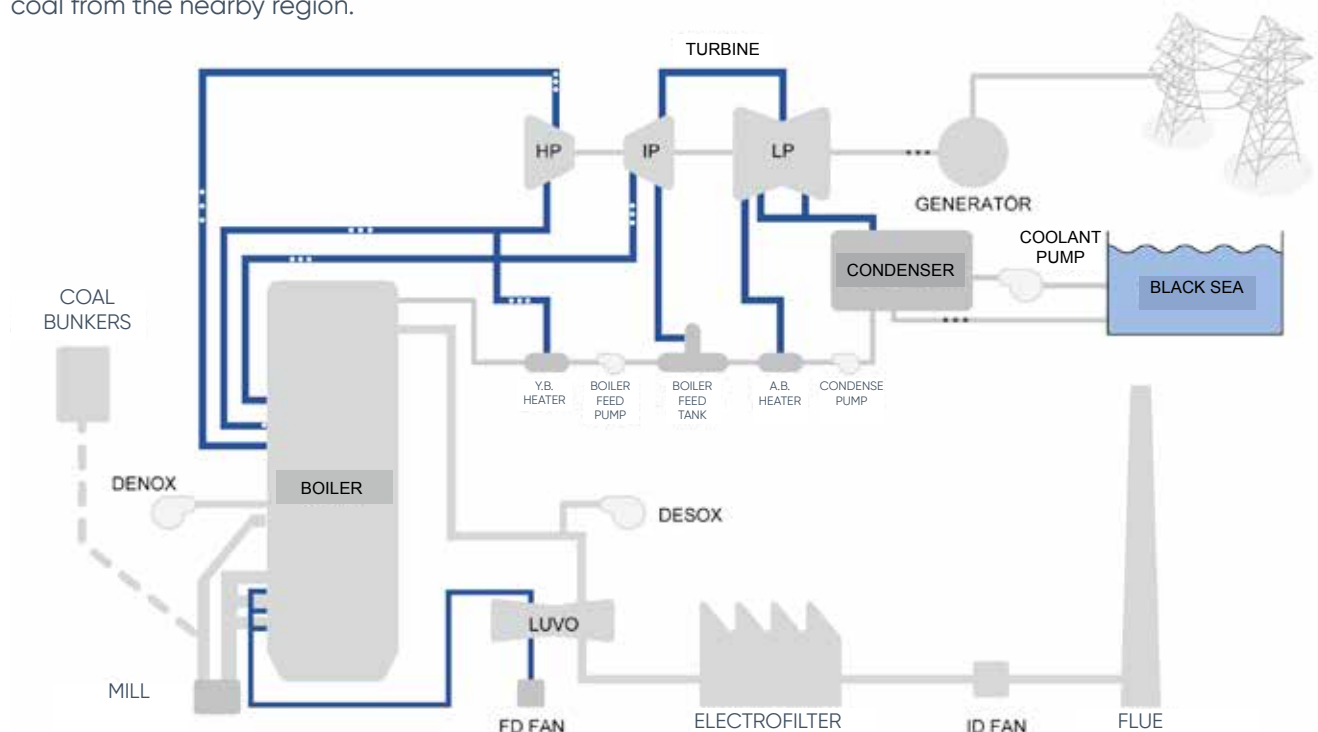
Availability Rate at 80%

At ÇATES, operational sustainability is carried out in parallel with efficient operation. In this context, the availability rate, one of the most critical data indicating the efficiency of the power plant in the sector, increased by 4% in 2023 compared to the previous year and reached to the level of 80%

Aware of the importance of meeting the increasing energy demand with local production, it feeds its units, which are designed for 3,300 kcal/kg coal, with coal from the nearby region.

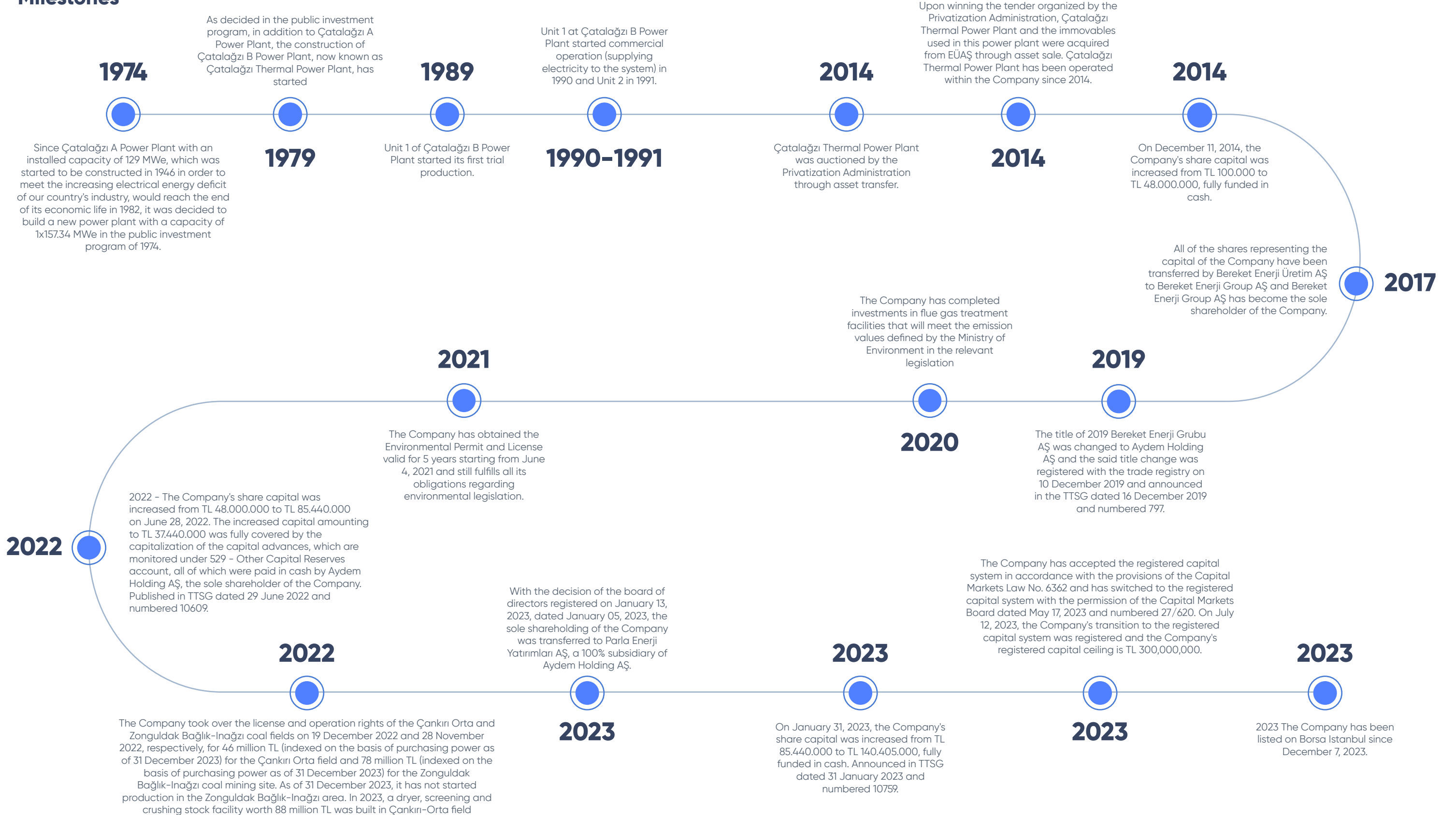
The trade name of the Company is Çates Elektrik Üretim AŞ. The company has registered business names "ÇATES" and "Çates Electricity Generation" with the Turkish Patent and Trademark Office. The Company was registered with the Denizli Trade Registry on September 19, 2014 and was established indefinitely. Subsequently, the registered office of the Company was moved to its current address in Muğla.

Legal status:	Joint Stock Company
Legislation:	TR Laws
Country of incorporation of the Issuer:	Türkiye
Center address:	Şahinler Mahallesi Şahinler (Küme Evler) Yatağan Termik Santrali Sitesi No: 259/1 Yatağan/Muğla
Internet address:	https://www.cates.com.tr/
Phone:	0372 264 30 50
Fax:	0372 264 24 21



ÇATES at a Glance

Milestones



ÇATES at a Glance

Shareholder Structure

The shareholding structure and composition of the Company as of the date of the report are given below:

Information on Direct Shareholding of the Company

Name-Surname/Title of Trade of the Partner	Share in Capital (TL)	Share in Capital (%)
Parla Enerji Yatırımları A.Ş.	132,150,000	79.99
Publicly Traded	33,050,000	20.01
Total	165,200,000	100.00

Information on Direct Shareholding of Parla Enerji Yatırımları AŞ

Name-Surname/Title of Trade of the Partner	Share in Capital (TL)	Share in Capital (%)
		(%)
Aydem Holding A.Ş.	100,000	100.00
Total	100,000	100.00

Real and Legal Persons Holding Indirectly more than 5% of the Capital

Name-Surname/Title of Trade of the Partner	Share in Capital (TL)	Share in Capital (%)
		(%)
Ceyhan Saldanlı	96,074,253.27	58.16
Ali Yağlı	31,453,554.92	19.04

Corporate Values

Sensitivity

While carrying the organization into the future by doing our job in the best way possible; we fulfill our responsibilities towards individuals, society, our country and the environment, we ensure that our work is carried out within the framework of our business ethics while performing our work in the targeted time and quality. We adopt a transparent and accountable working style in accordance with procedures and rules. If we encounter unethical or unfair practices, we will speak out. We take into account how our behavior affects others.

Dynamism

We follow the needs of our colleagues and stakeholders that arise under changing conditions and make the necessary improvements in our working environment, business conduct system, products and services. We lead the electricity sector with the steps we take, and shape development and change in the sector. With curiosity in our souls, we try new ways to fulfill products, processes and services more efficiently, quickly and error-free.

Touching Life

"People" are at the center of everything we do, every step we take. Our continuous development, curiosity, inquisitive spirit and the expertise we have gained over the years enable us to develop solutions that add energy and value to every moment of life. We allow our colleagues to express their different opinions, value their social needs and celebrate their successes together. We work to improve the quality of life of our stakeholders by accurately analyzing their needs and expectations.



ÇATES at a Glance

Çates Electricity Generation Portfolio

Commissioning works were completed in 1989 and 1991 for Unit 1 and Unit 2, respectively. The power plant consists of two units with a total capacity of 314.68 MWe, 2x157.34 MWe. Unit 1 started commercial operation (supplying electricity to the system) in 1990 and Unit 2 in 1991.

The Company was established with the aim of utilizing the coal obtained from the Zonguldak region for electricity generation and was acquired through asset sale following a tender held by the Privatization Administration in 2014. The Company has an electricity generation license for 49 years starting in 2014. It was operating under EÜAŞ before privatization.

The Company generates and sells electricity from various mines and coal-based thermal power plants with the electricity generation license numbered EÜ/5358-1/03178 dated 18 December 2014. The license is valid until 22 December 2063.

Çatalağzı Thermal Power Plant, as the first thermal power plant of our Republic, played an important role in the development of the country's industry. *The Company's long-term average power generation capacity is 2,286 GWh.*

City/District where the Power Plant is Installed	License Number	Licensed Installed Capacity	License Issuance Date	License Period from Date of Issue	Commissioning Date
Zonguldak / Çatalağzı	EU/5358-1/03178	314.68 MWe/319.6 MWm	18.12.2014	49	22.12.2014

The table below shows the annual installed capacity and production values of the Power Plant:

Explanations	2020	2021	2022	2023
Installed Capacity (MWe)	314.68	314.68	314.68	314.68
Gross Generation Amount (MWh)	1.233,763	1.219,382	1.867,412	2.033,349

The coal obtained from Çatalağzı and Zonguldak regions, which are under the General Directorate of Turkish Coal Authority, consists of washing residues that are not utilized in the utilization areas due to low efficiency. In terms of energy production, the coal in question is used for thermal power plants by blending it with low-moisture coals and making it suitable for use, and constitutes an important resource of the Power Plant.

The power plant burns a mixture of mix, slurry, virgin coal from Çatalağzı and Zonguldak coal washing plants, lignite and light shale from outside the region, and imported coal for enrichment of the coal burned in case of need. The daily coal consumption of the power plant is approximately 2,800 tons for one unit and 2,530 kcal/kg energy is consumed for 1 kWh energy production.

Power Plant Equipments

- Boiler:** Reheater, single burner, domed natural circulation boiler. (A boiler is a process in which the energy required to convert pure water into superheated steam by burning coal is obtained. The brand is Transelektro) Capacity: 480 t/h Steam Temp: 535 °C Vapor Pressure: 139.5 kg/cm2

- Turbine:** turbine with two cylinders, double exhaust, re-superheater line, condenser. (The superheated steam rotates the turbine at 3,000 rpm to rotate the coupled generator. The brand is Mitsubishi) Capacity: 157.340 kW/h Steam Pressure: 135 kg/cm2 Temperature: 535 °C Rotation Speed: 3.000 rpm

- Generator:** Hydrogen cooled, 3-phase generator. (While rotating at 3,000 rpm with the turbine it is coupled to, it generates energy by exciting its rotor and feeds the step-up transformer to be transmitted to the interconnected system. The brand is Mitsubishi) Capacity: 180 MVA Output Voltage: 15 KV Frequency: 50 Hz

The coal to be burned at the Power Plant is supplied from TTK Çatalağzı Plant via conveyor belts, from Kozlu and Üzülmüş Plants via railcars of the Turkish Republic State Railways (TCDD) and from private royalty companies via trucks. The average daily coal requirement of the power plant is 5,600 tons/day for 2 units and the annual requirement is approximately 1,650,000 tons/year.

The coal stockpile capacity of the power plant is 170,000 tons. Electric power generation is realized by exciting the generator, which is coupled with the heat emitted by the coal burned in the boiler and the superheated steam obtained as a result of heating the pure water by transferring it to the turbine and releasing the energy it has to the rotational motion created by hitting the blades of the turbine.

Availability and Capacity

2023 Annual availability rate is 80% and capacity utilization factor is 73.6%.

Operational data regarding Çatalağzı Thermal Power Plant is presented in the table below:

Availability Ratio (*)				Capacity Factor (**)			
2020	2021	2022	2023	2020	2021	2022	2023
47%	48%	76%	80%	45%	44%	68%	74%

(*) Availability Ratio indicates how much of the total time (365 days*24 hours= 8,760 hours) the power plant is ready for production, excluding planned shutdowns due to maintenance and repair and unplanned shutdowns due to breakdowns.

(**) Capacity Factor is the total energy produced by the power plant in a certain period divided by the energy it can produce at full capacity.

ÇATES at a Glance

Subsidiaries

None.

Aydem Energy Group Companies

As of the report date, all of the shares of Parla Enerji, which owns 79.99% of the Company's shares, belong to Aydem Holding. Aydem Holding was founded by Ceyhan Saldanlı (58.16%) and Ali Yağlı (19.04%). Aydem Group's history dates back to 1980. Aydem Group started operating in the energy sector with Elsan Elektrik, the first company founded by Ceyhan Saldanlı and Ali Yağlı. Aydem Group is one of the groups operating in the energy sector. Aydem Group is the first private hydroelectric power generation company, the first private electricity distribution company and the first integrated energy group (combining generation, distribution and retail sales activities) in the energy sector. As of 31 December 2023, Aydem Group has an installed power of 2,124 MW, approximately 9 million consumers and 6.1 million users connected to its own electricity distribution system. In the twelve-month period ending on 31 December 2023, it sold 25,250 GWh of electricity and distributed 26,653 GWh of electricity.

The power plant, which was previously operating under EÜAŞ, was taken over by Aydem Group through asset sale in 2014 and has been operated by the Company since the date of transfer.

Parla Enerji was established in Turkey on December 1, 2022 as a company within Aydem Holding AŞ. The registered address is Adalet Mahallesi Hasan Gönüllü Bulvarı NO15/1 Merkezefendi/Denizli.

Its main purpose and field of activity is to establish or participate in companies to operate in the energy sector, to determine the management of these participated or newly established companies and to make investments through these companies, to provide consultancy services to these companies or other companies operating in the energy sector on technical, financial, IT and human resources management and other issues, to provide support to the technical, financial and administrative organizations of these companies, to establish service units to serve these companies.



Aydem Group companies operate in the following sectors:

Aydem Yenilenebilir Enerji AŞ operates in the field of renewable energy. This company went public in 2021 and has 20 hydroelectric, 3 wind, 1 geothermal and 1 hybrid solar power plants. Aydem Yenilenebilir Enerji AŞ's installed capacity as of December 31, 2023 is 1,180 MW and its total generation for 2023 is 2,380 GWh.

Aydem Group's electricity distribution companies are ADM Elektrik Dağıtım AŞ and GDZ Elektrik Dağıtım AŞ, which distributed 10.16 TWh and 16.50 TWh of electricity in 2023, respectively. ADM Elektrik Dağıtım AŞ operates in Aydın, Denizli and Muğla provinces, while GDZ Elektrik Dağıtım AŞ operates in İzmir and Manisa provinces. ADM Elektrik Dağıtım AŞ serves 2.3 million users connected to its electricity distribution system by 2023, and GDZ Elektrik Dağıtım AŞ serves 3.8 million users connected to its electricity distribution system by 2023.

Aydem Group operates in the retail electricity sales sector with Aydem Elektrik Perakende Satış AŞ and Gediz Elektrik Perakende Satış AŞ. Aydem Elektrik Perakende Satış AŞ is the authorized supply company for Aydın, Denizli and Muğla provinces, while Gediz Elektrik Perakende Satış AŞ is the authorized supply company for İzmir and Manisa provinces. In 2023, these companies sold 10.19 TWh and 17.07 TWh of electricity (including K3), respectively.

Yatağan Termik Enerji Üretim AŞ, located in Muğla/Yatağan, operates within Aydem Group. This thermal power plant has an installed capacity of 630 MW.

Aydem Group's other companies operate in areas such as copper and aluminum coil production, construction, internet service provision, solar panel and cell production, natural stone production, vehicle fleet services, software services, and telecommunications.

FROM THE MANAGEMENT



Message from the General Manager

"We continue to add value to our country and our industry with the inspiration we draw from the deep-rooted history of ÇATES, Türkiye's first and only power plant powered by local hard coal, and the strength our employees and business partners give us."

At ÇATES, we have left behind a year that we will remember with success. This year, in which we reached the highest production rate since our establishment, we also marked an important milestone in our corporate history and offered our company to the public. From now on, with the responsibility that comes with being a publicly traded company, we will continue to build together a future that all our shareholders who trust in ÇATES will be proud to be a part of.

Our power plant, which witnessed an important part of the history of the Republic, continued to make significant contributions to our lands and our industry in 2023. Thanks to our strong organizational structure, we have made a difference in production with higher availability compared to other similar power plants in Türkiye. Moreover, this success was not limited to our technical performance. It also represented our company's commitment to a better future, its innovative approach to power generation and its desire to create sustainable value.

The developments and improvements we have implemented within the company, taking into account our internal surveys and feedback reflected in our Great to Place to Work scores, enable us to move our performance graph as an employer brand higher every year. On the other hand, we adopt new business models that will guide us in building a strong future by feeding on current national and international developments, and we consider continuous learning and development as a corporate priority.

2023, the year in which we reached the production record of the last 16 years, was also a period in which we strengthened our close cooperation with our stakeholders. This year, within the scope of our coal supply processes, in addition to the contract for high-moisture post-wash coal purchased from TTK, we also signed a fresh coal supply contract. This has enabled us to provide over 600,000 tons of coal, which is a significant improvement in addressing the region's coal supply challenges. The use of lower calorie lignite coal, blended with a low proportion of imported coal, was a major factor in supplying the required amount of coal.

On the other hand, last year we initiated the rehabilitation and renewal planning that we will carry out over the next 5 years in order to extend the life of our power plant for another 15-20 years. In 2024, we will continue this work. We also improved the ash storage area to minimize our environmental impact. The project of treating the pond formed in the ash storage area and using it as cooling water has been realized and a very environmentally efficient project has been realized and the ash storage area has been improved.

In the light of our plans for 2024, we will continue to contribute to the sustainable growth of ÇATES, which we have successfully carried from its deep-rooted past to the present. In the coming period, we will continue to take important steps to provide a significant portion of the coal expected to meet the demand with local and equity resources by increasing our investments in coal extraction and enrichment projects in the two coal license areas we own (Çankırı Orta Field and Bağlık İnağzı).

We are determined to produce for many more years to add energy to the lives of our people with our superior standards in our local coal power plants, which support the reduction of our country's current account deficit, and our environmentally sensitive management approach.

For 2024 and beyond; we are committed to furthering our stable production capability and our mission of creating sustainable value. As ÇATES, believing and always striving to achieve better, we will continue on our path towards more ambitious goals by expanding our vision with the support of our employees, business partners and shareholders, and we will strengthen our contribution to this unique land and our industry by increasing year by year.



Hamdi ALP
General Manager of ÇATES Electricity Generation

2023

2023
ACTIVITIES

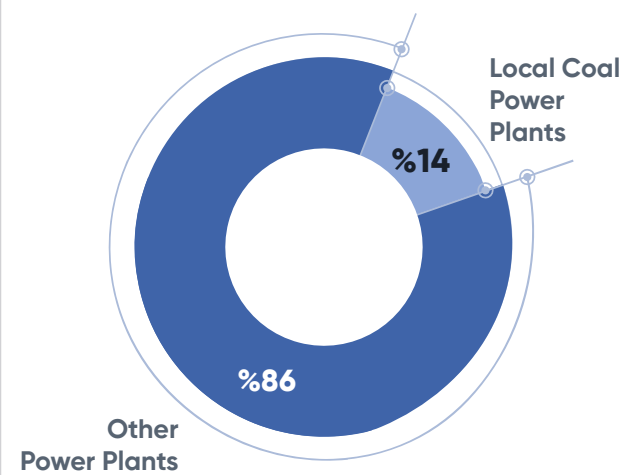


Turkey's Thermal Energy Sector in 2023

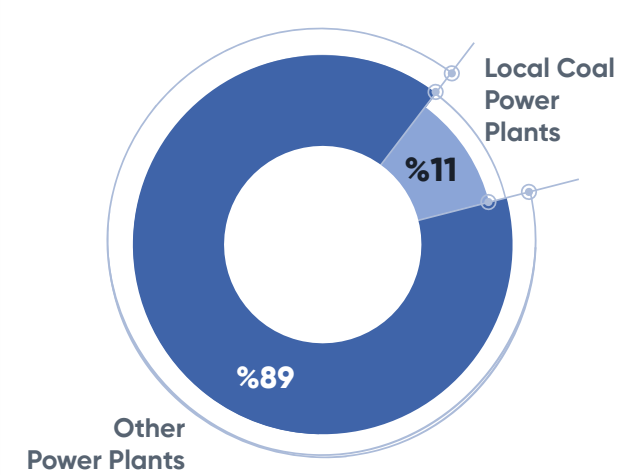
In 2023, the total generation amount was 330.308 GWh and electricity generation from the local coal was 46,669 GWh. The share of local coal generation in total generation is 14.13%.

In 2023, the total installed capacity was 107.1 GW, and the installed capacity of local coal was 11.4 GW. The share of local coal installed capacity in total installed capacity is 10.69%.

2023 Generation (MWh)



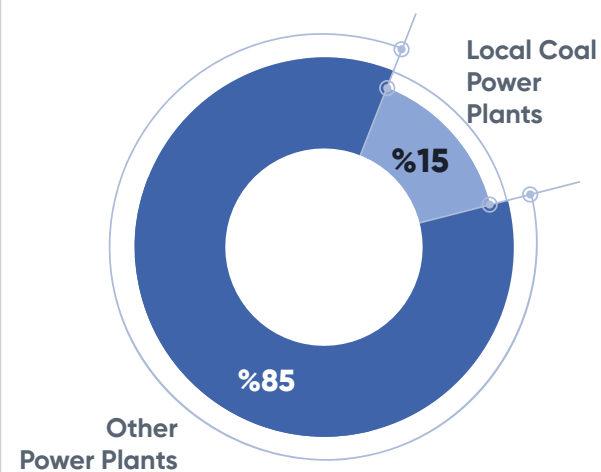
2023 Installed Capacity (MW)



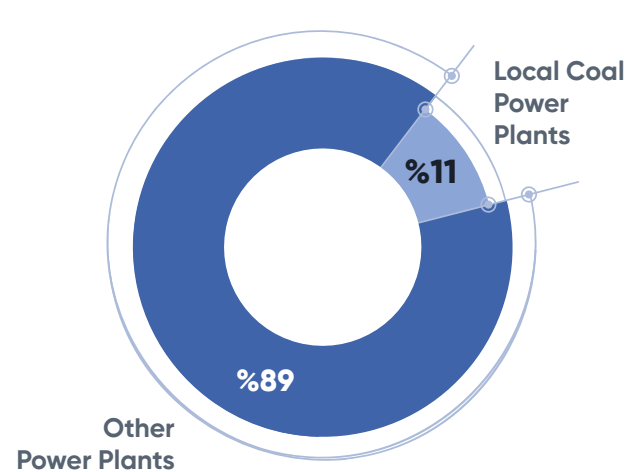
Total generation amount in 2022 was 331.105 GWh, electricity generation from local coal was 50.797 GWh. The share of local coal generation is 15.34%.

In 2022, the total installed capacity was 103.8 GW, and the installed capacity of local coal was 11.4 GW. The share of local coal installed capacity in total installed capacity is 11.02%.

2022 Generation Amount (MWh)



2022 Installed Capacity (MW)



Türkiye's energy policy objectives include providing affordable electricity, increasing security of supply and enhancing market liberalization.

The security of electricity supply is particularly central to current policy for two main reasons (external dependence and the current account deficit).

As of December 31, 2023, the total installed electric power capacity in Turkey was 107.1 GW, of which 33.86% was dependent on imported thermal energy sources (natural gas, LNG, fuel oil, diesel, naphtha and imported coal). This situation prevents Turkey from solving the current account deficit problem. Any reduction in energy imports in Turkey would help reduce the current account deficit.

Türkiye's main strategies for reducing the current account deficit are as follows:

- Increasing the use of local lignite and exploring and discovering new natural resources,
- Increasing renewable electricity generation capacity.
- Investing in nuclear capacity
- Increasing the efficiency of installed capacity utilization.

Türkiye has no significant fossil fuel resources other than lignite coal. Increasing the utilization of local lignite coal resources is an important element of energy policy to reduce external dependence.

Areas of Activity and Investments

Areas of Activity:

Çatalağzı Thermal Power Plant, as the first thermal power plant of our Republic, played an important role in the development of the country's industry. The Company's installed capacity is 314.68 MWe and the long-term average electricity generation is 2,286 GWh.

The table below shows the annual installed capacity and production values of the power plant:

Explanations	2020	2021	2022	2023
Installed Capacity (MWe)	314.68	314.68	314.68	314.68
Gross Production Amount (MWh)	1.233,763	1.219,382	1.867,412	2.033,349

The coal to be burned at the Power Plant is supplied from TTK Çatalağzı Plant via conveyor belts, from Kozlu and Üzülmüş Plants via railcars of the Turkish Republic State Railways (TCDD) and from private royalty companies via trucks. The average daily coal requirement of the power plant is 5,600 tons/day for 2 units and the annual requirement is approximately 1,650,000 tons/year. The coal stockpile capacity of the power plant is 170,000 tons.

The coal obtained from Çatalağzı and Zonguldak regions, which are affiliated to the General Directorate of Turkish Hard Coal, consists of washing residues with high ash content, which are not utilized in the places of use due to low efficiency. The coal in question is used for thermal power plants in terms of energy production by blending with coals with low moisture content to make them suitable for use, and constitutes an important source of the power plant.



Investments:

The Company's property, plant and equipment consists of mineral assets and other fixed assets. Mining assets consist of acquired mineral rights costs, plant, machinery and equipment, other assets and deferred mineral extraction costs. Other fixed assets consist of plant assets, construction in progress and other property, plant and equipment. All property, plant and equipment belonging to power plants are classified as land, buildings, machinery, equipment and fixtures under other fixed assets.

The net book value of mining assets as of December 31, 2023 is TL 243 million (December 31, 2022: TL 124 million) and the net book value of other property, plant and equipment as of December 31, 2023 is TL 8,321 million (December 31, 2022: TL 10,175 million).

The Company has organized all tangible assets belonging to power plants, which are included in the tangible fixed assets account item, as a separate tangible fixed asset group under the name of "Power Plant Assets". Plant comprises a group of like-kind assets used in the operations of an entity and includes land, buildings, machinery, equipment and fixtures. The Company has adopted the revaluation method in accordance with TAS-16 for plant assets reported under property, plant and equipment. The valuation report prepared by PwC Yönetim Danışmanlığı AŞ is based on the estimation of the total enterprise value of the Company. In the valuation study, the income approach, which involves the discounting of cash flows to net present value, was calculated using the discounted cash flow method (DCF). Net present value is estimated using a discount rate appropriate to the Company's risk profile and activities. The Company has recognized the power plant assets at their remeasured fair values as of December 31, 2022 and December 31, 2023. As of December 31, 2023, plant assets are carried at revalued amount of TL 8,203,824,538 in the financial statements (December 31, 2022: 10,094,014,582 TL).

The Company's inflows to the fixed assets of the mine are shown in the table below.

Tangible Fixed Assets of the Mine - Inputs	31.12. 2022	31.12. 2023
Cost of Mining Rights Purchased	124.394,438	0
Plant, Machinery and Equipment	0	138.149,543
Other Assets	41,196	4.082,733
Deferred Cost of Extraction	0	11.015,248
Total	124,435,634	153,247,524

The period, percentage of completion and financing details of the financing of the investments in the tangible fixed assets of the mine are given in the table below.

Investment Detail	Investment Period	Completion Status	Form of Financing
Çankırı Orta Coal Field License and Operation Right	2022	100%	Equity
Zonguldak Bağlık-İnağzı Field License and Operating Right	2022	100%	Equity
Zonguldak Bağlık-İnağzı Field License Fee	2023	100%	Equity
Dryer, Screening and Crushing Stock Plant and Equipment	2022-2023	Ongoing	Equity

The Company acquired the license and operating rights of Çankırı Orta and Zonguldak Bağlık-İnağzı coal fields on December 19, 2022 and November 28, 2022, respectively, for a consideration of TL 46 million for Çankırı Orta field and TL 78 million for Zonguldak Bağlık-İnağzı coal mine field (indexed on the basis of purchasing power as of December 31, 2023).

As of December 31, 2023, production has not started in Zonguldak Bağlık-İnağzı field. In 2023, a drying, screening and crushing stock plant was constructed in Çankırı-Orta field amounting to TL 138 million (amount indexed according to purchasing power as of December 31, 2023), these investments are classified under plant, machinery and equipment in non-current assets of the mine.

The coal field in Çankırı was transferred to the Company on October 14, 2022. A reserve valuation report was prepared by UMREK (National Mineral Resource and Reserve Reporting Commission) Competent Person on July 28, 2023. Accordingly, it is estimated that a total of 28 million tons of coal can be produced in the field with a redemption rate of 1.04 m³ /ton. Coal has an average value of 1000 (±200) kCal/kg. The production conditions and the ratio of the cover layer to the amount of coal in the area, which can be produced with the Open Pit Mining method, provide optimum conditions. Looking at the general geological structure of the region where the quarry site is located, it is seen that it is an extremely favorable and problem-free region for mining activities. Production can be realized without the need for drilling and blasting activities. In addition, the location is very close to the main road, electricity and water lines.

Zonguldak Bağlık-İnağzı Field License and Operation Right; A transfer agreement was signed between Tümaş Mermer and TTK on August 15, 2018 for the mining license with registration number 86108, which was tendered by the General Directorate of Turkish Hard Coal Authority in 2018. According to the contract, the operating right is transferred until December 31, 2049. License transfer by MAPEG was completed in 2022. On November 28, 2022, the license was transferred to the Company by Tümaş Mermer Sanayi ve Ticaret AŞ. The average caloric value of coal in the basin is 3,500 Kcal/kg. After enrichment works, coal quality can reach 6000-7000 Kcal/kg.

Areas of Activity and Investments

The Company's power plant capital expenditures consisted of investments in the flue gas treatment plant and conveyor belt system, both of which were financed through equity.

Flue Gas Treatment Plant; with the flue gas treatment plant established in 2020, it is aimed to bring the sulfur dioxide (SO₂) values of the Power Plant in line with the requirements in the environmental legislation. The investment was completed and put into operation in 2020.

Conveyor Belt System Investment; The belt renewal project, which started in 2020 due to the wear of the conveyor belts feeding the boiler, was completed in 2022. Additions to property, plant and equipment do not include amounts transferred from construction in progress to plant assets.

As of December 31, 2023, the Company's Industrial Solid Waste Plant, Ash Dam and other power plant investments are ongoing.

The ash dam rehabilitation project covers the improvement works required under the relevant article of the Regulation on Landfilling of Wastes. These works include the construction of a 3528-meter-long storm drain, a 3270-meter-long protective fence and a service road. Field works for the said works started on April 14, 2021 and the dam body, which is at +90 meter elevation, was gradually raised by 18 meters and the front face (upstream) was covered with membrane to increase the storage area of the dam.

Çankırı Orta Coal Field Facility Investments; A crushing-sieving-stocking facility with a capacity of 500 tons/hour is being invested in the field.

50 tons/hour capacity coal drying plant installation and commissioning works are ongoing. The targeted coal calorific value after the commissioning of the drying plant is in the range of 1750-2000 kCal/kg. As of December 31, 2023, TL 138 million (indexed amount based on purchasing power as of December 31, 2023) has been invested.

Bağlık-İnağzı Field Drilling and Project Design Studies; Project preparations have been initiated following the drilling studies started near the surface in 2023. Investment studies will be planned according to the project design results.





SUSTAINABILITY



Sustainability Approach and Organization

At ÇATES, we are constantly working to reduce the direct and indirect environmental impact of our operations while increasing our efforts to ensure the continuity of energy in our country. While carrying out these activities, we take care to use our resources in the most efficient way and to realize our environmental performance in accordance with the values determined by the legislation. We consider the environmental, social and economic impacts of our planned actions in a holistic manner and manage our business activities together with environmental risk assessments from the investment decision stage. By regularly monitoring these actions, we minimize risks.

Global trends in sustainability require a new paradigm where the value cycle is considered holistically. It is critical to take strategic and concrete steps to achieve the goal of low emission generation. Developing new business models by integrating sustainability into business strategies not only increases long-term competitiveness, but also provides short and medium-term benefits such as new revenue opportunities, better understanding of customer behavior, managing climate risks and opportunities, and lower costs and risks along the supply chain. As Çates Electricity Generation, we continue our efforts to take the necessary steps under changing and transforming global conditions without slowing down and we approach our activities with a sustainability approach.

In line with our vision of becoming a leading and exemplary organization in the energy sector, we attach great importance to sustainability governance. In this respect, our company's sustainability strategies, targets, policies and performance are planned, monitored and reported at the board level.

**A transparent, accountable and
stakeholder- oriented sustainability
approach**

At Çates Electricity Generation, our journey to achieve sustainability goals is supported by a robust management structure. Our sustainability governance approach includes a transparent, accountable and stakeholder-oriented approach. Our sustainability efforts are among the responsibilities of the Board of Directors and the work is supervised and supported. Our Board of Directors holds regular meetings with the Sustainability Committee to ensure continuity of strategies and evaluate performance. Thus, the Board of Directors plays an active role in the implementation of our sustainability efforts.

Sustainability A comprehensive monitoring and archiving system has been established to measure and evaluate our performance. Our environmental impacts, social contributions and governance practices are continuously measured, data are analyzed and results are regularly reported to senior management on a daily, weekly, monthly and annual basis. Our performance targets are evaluated within the scope of Key Performance Indicators. This process plays a vital role in enabling our company to make better decisions and achieve its sustainability goals more effectively.

Material Sustainability Issues

The materiality matrix reflects stakeholder demands as well as a self-assessment process to maximize value creation and benefit to all stakeholders.

At ÇATES, we regularly conduct internal and external stakeholder assessments to understand the expectations and needs of our stakeholders and to improve our sustainability performance. This study was conducted to determine the sustainability strategy of ÇATES, to receive stakeholders' opinions and suggestions, and to provide guidance on how ÇATES should shape its corporate sustainability vision.

Within the scope of our sustainability reporting, we identified our material issues in environmental, social and economic dimensions through stakeholder and materiality analysis studies conducted in accordance with the Global Reporting Initiative (GRI) Standard. The materiality matrix we have created reflects the demands of our stakeholders, as well as a self-assessment process to maximize value creation and benefit to all stakeholders. Our ÇATES HSE and Sustainability Department is responsible for the implementation and monitoring of the issues identified in the matrix.

Sustainability Principles Compliance Framework

The "Sustainability Principles Compliance Framework" includes the basic principles that publicly traded companies are expected to disclose when conducting their Environmental, Social and Corporate Governance (ESG) activities.

General Information: The Company publishes the details of its sustainability-related information in the Sustainability Report in June every year, and the information published in the Sustainability Report covers the previous year's data

Sustainability Principles Compliance Framework

		Company Compliance Status				Explanation	Report Information or Publicly Disclosed Information (Page number, menu name on the website)
		Yes	Partial	No	Not Applicable		
Sustainability Compliance Report							
A. GENERAL PRINCIPLES							
A1. Strategy, Policy and Goals							
A1.1	The prioritized environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Company's Board of Directors.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 21-25
A1.1	The ESG policies (Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Company's Board of Directors.		X			The relevant policies are included on the website and in the 2022 Sustainability Report.	https://www.cates.com.tr/politikalar/index.html
A1.2	The short and long-term targets set within the scope of ESG policies have been disclosed to the public.		X			It is disclosed in the 2022 Sustainability Report, without specifying the period.	2022 Sustainability Report - Pages 16
A2. Implementation/Reporting							
A2.1	The responsible committees and business units for the implementation of ESG policies and the senior officials related to ESG issues in the Company and their duties have been identified and disclosed to the public.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 16, 17
A2.1	The activities carried out within the scope of policies by the responsible committee and/or unit have been reported to the Board of Directors at least once a year.	X				The activities that have been performed are presented to the Board of Directors periodically through the HRB and Sustainability Committee.	2022 Sustainability Report - Pages 16, 17
A2.2	In line with the ESG targets, the implementation and action plans have been formed and disclosed to the public.		X			In the 2022 Sustainability Report, priority areas have been identified. In the 2023 Sustainability Report, more detailed information will be shared.	2022 Sustainability Report - Pages 21-25
A2.3	The Key ESG Performance Indicators (KPI) and the level affecting these indicators have been disclosed to the public in a yearly basis.			X		Levels of achieving KPIs on a yearly basis are not shared.	
A2.4	The activities for improving the sustainability performance of the business processes, products and services have been disclosed to the public.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 30-37
A3. Reporting							
A3.1	The information about the sustainability performance, targets and actions have been given in annual reports of the Company in understandable, accurate and sufficient manner.	X				It is disclosed in the 2023 Activity Report.	
A3.2	The information about activities which are related to the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to the public.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 22-23
A3.3	The results filed and/or concluded against the Company about ESG issues which are material in terms of ESG policies and/or will significantly affect the Company's activities, have been disclosed to the public.	X				The Company has not become a party to any laws yet. The management approach and related statements regarding regulatory compliance are disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 17, 30-32, 36, 37
A4. Verification							
A4.1	The Company's Key ESG Performance metrics have been verified by an independent third party and publicly disclosed.		X			Greenhouse gas calculations have been verified. It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Page 31
B. ENVIRONMENTAL PRINCIPLES							
B1	The policies and practices, actions, environmental management systems (known by the ISO 14001 standard) and programs have been disclosed.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 26-33
B2	The environmental reports prepared to provide information on environmental management have been disclosed to the public which is including the scope, reporting period, reporting date and limitations about the reporting conditions.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Page 1
B4	The environmental targets within the scope of performance incentive systems which included in the rewarding criteria have been disclosed to the public on the basis of stakeholders (such as members of the Board of Directors, managers and employees).			X		Environmental targets included in the relevant reward systems are not disclosed to the public.	
B5	How the prioritized environmental issues have been integrated into business objectives and strategies has been disclosed.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 16, 17, 21-25
B7	The way of how environmental issues has been managed and integrated into business objectives and strategies throughout the Company's value chain, including the operational process, suppliers and customers has been disclosed.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 16, 17
B8	Whether the Company have been involved to environmental related organizations and non-governmental organizations' policy making processes and collaborations with these organizations has been disclosed.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 30-43
B9	In the light of environmental indicators (greenhouse gas emissions (Scope 1 (direct), Scope 2 (indirect), Scope 3 (other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), information on environmental impacts is periodically disclosed to the public in a comparable manner.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 30-33
B12	Details of the standard, protocol, methodology, and baseline year used to collect and calculate data has been disclosed.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 30-33
B11	The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.		X			The last 3-year progress of environmental performance indicators other than greenhouse gas emissions was shared in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 30-33
B12	The short and long-term targets for reducing the environmental impacts have been determined and the progress compared to previous years' targets has been disclosed.			X		The company has initially issued a Sustainability Report for the reporting year 2022. This benchmark will be included in future reports in the upcoming years.	
B13	A strategy to combat the climate crisis has been created and the planned actions have been publicly disclosed.			X		A climate crisis mitigation strategy has not been developed.	
B14	The programs/ventures to prevent or minimize the potential negative impact of products and/or services on the environment have been established and disclosed.		X			It is disclosed on the website and in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 20, 26, 27
B14	The actions to reduce greenhouse gas emissions of third parties (suppliers, subcontractors, dealers, etc.) have been carried out and disclosed.			X		No activities are being carried out for third parties regarding the subject.	
B15	The environmental benefits/gains and cost savings of initiatives/projects that aim reducing environmental impacts have been disclosed.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Pages 30-33
B16	The data related to energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) has been disclosed as Scope 1 and Scope 2.			X		The total values of Scope 1 and 2 emissions have been disclosed to the public in a verified manner. However, the breakdown of these values has not been disclosed.	2022 Sustainability Report - Pages 31
B17	The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.			X		These data have been considered within the measurements of carbon and water footprint. However, the breakdowns have not been disclosed to the public.	2022 Sustainability Report - Pages 31, 32
B18	The studies related to increase the use of renewable energy and transition to zero/low carbon electricity have been conducted and disclosed.			X		No work has been done on this matter.	
B19	The renewable energy production and usage data has been publicly disclosed.			X		The company does not generate renewable energy. Usage data for renewables has not been disclosed to the public due to incomplete information regarding the exact proportion.	
B20	The Company conducted projects about energy efficiency and the amount of reduction on energy consumption and emission achieved through these projects have been disclosed.			X		Efforts are underway within the company to increase energy efficiency, but this data has not been disclosed to the public.	
B21	The water consumption, the amount, procedures and sources of recycled and discharged water from underground or above ground (if any), have been disclosed.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report - Page 32
B22	The information related to whether Company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax)			X		The company is not part of any carbon pricing scheme. This information has neither been disclosed to the public.	
B23	The information related to accumulated or purchased carbon credits within the reporting period has been disclosed.				X	Since there are no accrued or purchased carbon credits, this information has not been shared.	
B24	If carbon pricing is applied within the Company, the details have been disclosed.				X	There is no publicly disclosed carbon pricing activity within the Company.	
B25	The platforms where the Company discloses its environmental information have been disclosed.	X				2022 Sustainability Report is publicly available.	

		Company Compliance Status				Explanation	Report Information or Publicly Disclosed Information (Page number, menu name on the website)
		Yes	Partial	No	Not Applicable		
	Sustainability Compliance Report						
	C. SOCIAL PRINCIPLES						
	C1. Human Rights and Employee Rights						
C1.1	The Institutional Human Rights and Employee Rights Policy has been established in the light of the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation. The policy and the officials that responsible for the implementation of it have been determined and disclosed.		X			It is disclosed in the Human Resources Policy on the website.	https://www.cates.com.tr/politikalar/insan-haklari-politikasi.html
C1.2	Considering the effects of supply and value chain, for workforce, improvement of labor standards, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc.), such as non-discrimination law included in its policy on employee rights.		X			It is disclosed in the Human Resources Policy on the website.	https://www.cates.com.tr/politikalar/insan-haklari-politikasi.html
C1.3	The measures taken for minority rights, equality of opportunity or the ones who are sensitive about certain economic, environmental, social factors (low income groups, women, etc.) along the supply chain have been disclosed.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report- Pages 39-43
C1.4	The developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labor have been disclosed.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report- Page 36
C1.5	Investments in employees (education, development policies), compensation, fringe benefits, rights to unions, work-life balance solutions and talent management are included in the employee rights policy.		X			It is disclosed in the Human Resources Policy on the website.	https://www.cates.com.tr/politikalar/insan-haklari-politikasi.html
C1.5	The mechanisms for employee complaints and resolution of disputes have been established and related solution processes have been determined.	X				It is disclosed in the Code of Ethics and Code of Conduct document on the website and in the 2022 Sustainability Report.	2022 Sustainability Report- Page 13 https://www.cates.com.tr/politikalar/etik-kodunu-ve-calisma-kilavuzunu
C1.5	The activities carried out within the reporting period which related to ensure employee satisfaction have been disclosed.			X		Efforts are underway to ensure employee satisfaction, and this metric is being measured; however, these efforts have not been disclosed to the public.	
C1.6	The occupational health and safety policies have been established and disclosed.	X				It is disclosed in the Human Resources Policy on the website.	2022 Sustainability Report- Page 36 https://www.cates.com.tr/politikalar/insan-haklari-politikasi.html
C1.6	The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.		X			All information other than the accident statistics is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report- Page 36
C1.7	The personal data protection and data security policies have been established and disclosed.	X				It is disclosed on the website.	https://www.cates.com.tr/kvkk.html
C1.8	The ethics policy have been established and disclosed.	X				It is disclosed on the website.	https://www.cates.com.tr/politikalar/etik-kodunu-ve-calisma-kilavuzunu
C1.9	The studies related to social investment, social responsibility, financial inclusivity and access to finance have been explained.		X			Partially disclosed in the 2022 Sustainability Report.	2022 Sustainability Report- Pages 40-45
C1.10	The informative meetings and training programs related to ESG policies and practices have been organized for employees.		X			Training sessions are organized to inform employees about HRM policies and practices. While general information about the conducted sessions has been shared, detailed breakdowns of the trainings have not been provided.	2022 Sustainability Report- Page 5
	C2. Stakeholders, International Standards and Initiatives						
C2.1	The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed.			X		Although customer satisfaction is not measured, the company's activities are always based on absolute customer satisfaction.	
C2.2	The information about the communication with stakeholders (which stakeholder, subject and frequency) have been disclosed.		X			This information has been partially addressed in the 2022 Sustainability Report.	2022 Sustainability Report- Page 20, 21, 40
C2.3	The international reporting standards that adopted in reporting have been explained.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report- Page 1
C2.4	The principles adopted regarding sustainability by the signatory member international organizations, committees and principles have been disclosed.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report- Pages 5, 26
C2.5	The improvements have been made and studies have been carried out in order to be included in the Borsa Istanbul sustainability indices and/or international index providers.			X		No additional development or work has been conducted on this matter specifically.	
	D. CORPORATE GOVERNANCE PRINCIPLES						
D1	The opinions of stakeholders have been sought in the determination of measures and strategies related to sustainability field.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report- Pages 16, 17
D2	The social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.	X				It is disclosed in the 2022 Sustainability Report.	2022 Sustainability Report- Pages 39-43

Human Resources

Employee motivation is prioritized at ÇATES. In Aydem Enerji, the main shareholder of our company, it is believed that all employees should fully and equally benefit from rights, resources and opportunities without gender discrimination and share the responsibilities of life equally with the activities shaped around our company culture and values and that our employees should come together and be socially motivated as well as their work motivation. This approach has also been adopted by ÇATES. ÇATES adopts the principle of equal pay for equal work. In line with our sustainability vision, we support continuous development by adding value to the development of our employees. Training hours per person at ÇATES tripled in 2022 compared to the previous year

By investing in the individual and professional development of our employees, we reinforce our belief in long-term success and sustainability as a company. ÇATES supports the elimination of child labor. In this context, child labor is not employed at ÇATES. In order to meet the most basic needs of our working mothers and to facilitate their working lives, a milk room project was launched in our company in 2022.

Equal Life at ÇATES

At ÇATES, all gender equality-oriented efforts in the field of diversity and inclusion are carried out with the "Equal Life" initiative. With the project, which started its activities in 2020, the volunteer team in our company works to transform the company's culture, organization, trainings, recruitment processes, physical conditions, and all messages given within and outside the company with a gender equality approach.

Monthly online meetings bring together academics, activists and business people to discuss gender equality concepts from different perspectives

Our Human Resources Policy

Our main goal is to create an atmosphere where our employees are happy, embrace their company and where everyone wants to be involved.

To this end, we develop and implement fair, measurable, transparent, listening and self-developing human resources strategies that will increase the participation of our employees in achieving our business goals and unlock their potential; our human resources policy is defined and managed with the aim of creating the competence and skill groups that will support the performance required to maintain our leading position and capacity in the energy sector and to meet the expectations of our stakeholders; our human resources management approach aims to create innovative employees and teams that are committed to ethical values, sensitive to the environment, value-creating, aiming for the best and most efficient, and committed to ethical values, sensitive to the environment, creating value, within the framework of our company's values and culture, aware of the public service responsibility imposed by the energy sector and prepared for the needs arising therefrom; we reflect our human resources perspective in our employee value proposition, which is the main element of our employer brand. While our company encourages the success of its employees with groundbreaking projects that reach into the future and offer moments that will enrich life; Company employees work as a team with self-confidence, knowing that they are the source of the energy necessary for life



1- Recruitment Management

We are aware that the most important factor in achieving our goals is qualified and happy employees. We believe that people with high self-confidence, who follow their dreams and realize these dreams will be happier. In our recruitment procedure, the need for human resources, in line with our company's policies and strategies, the selection of employees who are suitable for the qualifications of the job and the competencies determined, orientation and trial process, our recruitment decisions are made with a focus on "the right person for the right job" regardless of the employee's gender, age, beliefs, ethnic origin, nationality, marital status, health status, physical disabilities. With this principle, our priority in career opportunities is to share the relevant position opening with our employees who create value in our company and to start our process by evaluating the applications. We primarily share all our open positions with employees through the internal announcement system and evaluate the applications objectively by considering the principle of equality of opportunity. In addition to the needs of our business lines, we do not interview with the best candidates, but with the candidates who have dreams for the position we are looking for, are open to development, adopt our corporate culture and are the most accurate among the candidates who we believe will realize our jobs. We carry out the interview process by using different interview techniques in which we can observe the candidates' potential and competencies as well as their work experience. While meticulously addressing the expectations of our candidates, we advance our process with candidates who will both contribute to the organization and find what they are looking for in the working environment on behalf of themselves and proceed to the reference checks stage. We make offers to our candidates within the framework of the level structure we apply in our company. We care that employees benefit equally from the opportunities offered by the company throughout their working life after recruitment. As a requirement of our corporate culture, we assign buddies and provide comprehensive orientation trainings to ensure the rapid adaptation of our new employees to our company. In addition, our Human Resources team regularly communicates with the employee during the first 2 months of rotation and job change processes within the company. We monitor employee performance, demands, satisfaction and needs in this process.

2-Learning and Development

We focus on ensuring that the trainings our employees receive contribute to the development of both the company and themselves, as well as to the construction of a sustainable life. In this direction, we support the development of corporate culture in environmental, social issues and governance areas while ensuring that our employees increase their competencies. As stated in our human rights policy, we attach importance to "establishing fair training and support processes in order to ensure equality among our employees and to specifically encourage our employees to participate in these trainings". With our Training Procedure, we specify the development needs of our employees for their behavioral and professional competencies in order to continuously improve their potential and existing knowledge / skills in line with their strategies and goals, and then define the process and operation to provide development tools. We make training and development planning in line with the competencies that we think should be possessed in the career ladder we have previously determined for each position, individual development needs identified during the performance evaluation period, as well as corporate sustainability needs. With this approach, apart from on-the-job trainings, we organize in-class and online trainings offered through Aydem Academy and external training companies. In addition, we train our own internal trainers and pass on our own experience and expertise to new generations. In addition, we complete and follow up all mandatory trainings and technical development trainings for production employees, especially occupational safety. We also provide necessary trainings to our employees who have been reassigned and rotated in their new positions.

Human Resources

3-Performance Management System

The Performance Management System, which we implement with a transparent approach to reward success and increase the satisfaction of our employees, covers the processes of measuring and evaluating the performance of employees in an objective and effective manner in order to determine the extent to which they contribute to company goals and how these goals are achieved. We apply our performance evaluation system, which focuses on employees' competencies and business results, to all employees once a year. We share our company goals, priorities and corporate competencies with all our employees through the performance management system, which consists of two main headings: "Goals" and "Competencies".

In line with these goals, each employee, together with his/her unit manager, knows the goals that will lead the company to success and sets individual goals that will affect this in his/her area of responsibility. It is essential that targets are measurable. At the same time, professional development goals that will enable employees to perform their jobs better can also be prioritized in the performance system. Organizational competencies are evaluated with the help of behavioral indicators and affect the final performance result. The aim is to observe the attitude and behavior of employees in line with their goals and to convey what the expectations are. Interim evaluation, which increases the effectiveness of the Performance Management System, plays an important role in the whole process. Effective feedback when setting, monitoring and evaluating targets is very important as it affects the success of the system. Performance evaluation results provide input to many areas, and the evaluations we make within the framework of these main headings are used in areas such as employee development plans, training needs analysis studies, wage studies, promotion/rotation decisions for the company.



4-Fee Management System

The Company's Remuneration System is shaped based on macroeconomic indicators, the sector in which the Company operates, the wage market, job levels and performance. As an element of the remuneration policy, the Company makes use of the research and studies of independent consulting companies that are experts in their fields. Using regular market analyses conducted in this direction, our company implements a fair and market-competitive wage and fringe benefits policy. In addition, various fringe benefits are offered to our employees depending on their duties and titles. In this context, in line with our vision, we do not make gender-based wage discrimination among our employees with our human resources perspective. As a company, we participate in wage surveys every year with our professional team and re-evaluate our company's wage and fringe benefit strategies. In addition, the Company has a system to motivate employees by differentiating and rewarding performance. With this understanding, wages in our company are evaluated once a year during the year-end wage increase period in line with individual performance results, wage surveys, economic indicators and internal balances.

5-Talent Management Processes

Knowing the value of the human element, which is the most important resource that will lead the organization to success, the Company has identified the professional and individual development of all its employees among its priorities, and has put in place an internal promotion, transfer and rotation system, taking into account their career expectations. In this context, our company announces the position needs in the organization to its experienced and expert employees through internal announcements. It also uses different recruitment instruments in the selection process and includes them in the process, thus utilizing its trained workforce and offering horizontal and vertical career opportunities to its employees. Our Human Resources team regularly communicates with the employee during the first 2 months of rotation and job change processes within the company. Employee performance, demands, satisfaction and needs are monitored in this process. The company provides cash assistance support consisting of transportation costs, transportation and transportation insurance expenses, accommodation and settlement assistance for our employees undergoing job changes and rotations, and provides leave opportunities for relocation processes. Critical roles are defined in order to ensure the healthy functioning of the organization in line with the company strategy and to identify positions that have a high share in value generation and to place employees with the right competencies in these roles. Accordingly, the definitions of critical roles and the compliance of employees working in critical roles with the role are monitored. Actions are planned as role redundancy in the short, medium and long term. Upon completion of these plans, they are submitted to the Board of Directors after the General Manager's opinion and approval.



6- Working Environment and Compliance with Labor Legislation

Labor relations are carried out in accordance with the legislation in force. In line with the Company's policies and strategies, the methods, tools, criteria, conditions and rules to be used within the scope of the regulations, procedures and instructions are determined in writing. We do not tolerate discrimination among our employees based on race, religion, language, color, age, sex, gender, familial status, national origin, health status, physical disability, sexual orientation, possible or probable pregnancy, trade union activities or any other factors determined by law.

We value the differences of our employees, embrace diversity to achieve our goals and prevent any situation that may hinder our employees from exercising their right to freedom of expression in the workplace.

We provide our employees with healthy, ergonomic, hygienic, safe and satisfactory working conditions and take the necessary measures within the framework of occupational Health and Safety principles. While creating the working environment and conditions, we take into account the work-family life balance and the needs of working parents, we absolutely do not tolerate incidents such as ill-treatment, intimidation, inhuman or degrading treatment, psychological violence, harassment and abuse through any verbal or written communication in the work environment.

Human Resources

Our Featured 2023 Apps

Within the scope of PDCA-based EMS studies, important issues for all employees and our company are determined on a monthly basis and published as a bulletin. The bulletin provides a general summary of the topic of the month, its importance for our company and what is expected of us. The visuals created for the topic of the month are reflected on the screens of all employees as a computer background.

Recruitment

In recruitment processes, where the first contact with employees is made, the Company acts transparently with a genderless CV approach and a non-discriminatory perspective, and proceeds in line with the Company's core values of Sensitivity, Dynamism and Touching Life. The recruitment process starts with job advertisements published on the Company's internal portals, website and career pages, and continues with the evaluation of candidates based on skills, experience and competence measurement criteria, and is completed with Personality Inventory and General Aptitude tests. In addition, open positions are shared under the Career Opportunities heading every Monday so that employees can take a look at new career opportunities in the Company and group companies and give their careers a new and different direction.

Employee Engagement and Satisfaction

Çates Electricity Generation welcomes its new employees with a "Welcome Package" and says "hello" to their newborn babies with a "Welcome Baby Package". In the previous years, the Company identified areas for improvement in line with the outputs of the employee satisfaction surveys, created action plans and implemented them during the period. In this context, fulfilling the requirements of reliability, fairness, team spirit and respect, the Company was certified as a "Great Workplace" according to the reliability survey conducted for 2022.

Remuneration, Benefits and Performance Management

In light of its Human Resources Policy, Çates Electricity Generation also acts meticulously in remuneration processes and proceeds with an egalitarian approach. By working with a global and independent remuneration consultant in this field, the Company manages its processes with a fair remuneration system based entirely on performance analysis. In this way, it is ensured that employees are not discriminated against on the basis of gender, language, religion, race, sect, belief, nationality, marital status and similar reasons, and a working environment where employees feel safe is provided. Within the scope of remuneration processes, a significant increase was realized at the beginning of 2023 in order to protect employee wages against inflation. Again during the year, a second wage adjustment was made due to the continued rise in inflation. In addition, promotional payments were made to employees within the scope of protocols signed with the contracted bank. Çates Electricity Generation offers its employees a wide range of fringe benefits including private health insurance, annual performance bonuses, position-based vehicles, phones, laptops, meals, gifts on New Year's and special occasions, seniority awards, marriage and birth awards, and ensures that all employees benefit equally from these rights. In addition to all these, in 2023, all employees received a winterpackage containing vitamins under the motto "Energetic". Çates Electricity Generation sets targets for its employees within the scope of their duties, responsibilities and competencies and pays bonuses as a result of annual evaluations. In doing so, it proceeds with a structure that motivates, reassures and egalitarianizes employees throughout their careers. Assessment processes take into account issues such as core competencies and depth of technical knowledge.

Internship Programs

In 2023, Çates Electricity Generation provided internship opportunities to approximately 50 students, enabling them to step into professional business life. They are supported to prepare for business life both with orientation trainings organized before their internship and practical trainings given to them during their internship.

WorkingModel

Çates Electricity Generation, which completed the transformation of its information technology infrastructures on the axis of digitalization before the COVID-19 pandemic in order to achieve optimum efficiency and increase its competitiveness, quickly adapted to the new working order that emerged with the innovative ways of doing business. In this way, the company has transformed into a more dynamic and innovative organization with its employees, while reinforcing its claim to lead the future of the sector. #WeForEnergy has developed a unique working model that focuses on team spirit, agility and leadership through a hybrid working system.

Training

Çates Electricity Generation implements a Training Policy that aims to ensure the development of its employees and to enable them to work more efficiently in line with the Company's goals and objectives. The effectiveness of the principles of determining the training needs of employees, planning and implementing training activities, keeping all training records and training evaluation is carefully monitored. In line with the potential of each employee, technical, professional and personal development trainings are planned in line with their needs. As a result of the cooperation with the Aydem Academy training platform established with the learning management system infrastructure, which is one of the digital transformation steps, our employees have had the chance to access more than 8000 trainings online from anywhere at any time. During online training days, employees are supported to ensure maximum benefit from the training.

Human Resources

Employee Information

As of December 31, 2023 and December 31, 2022, the number of employees of the Company is shown in the table below:

GENDER DISTRIBUTION	31 December 2022			31 December 2023		
	Total	WOMAN	MALE	Total	WOMAN	MALE
White Collar	46	8	38	46	8	38
Engineer	18	1	17	18	1	17
Administrative Staff	28	7	21	28	7	21
Blue Collar	327	2	325	335	2	333
Operation Technicians	168	2	166	172	2	170
Maintenance Technicians	159	-	159	163	-	163
Total	373	10	363	381	10	372

As of December 31, 2023, the Company has 381 personnel, of which 18 are engineers, 28 are administrative personnel, 172 are operation technicians and 103 are maintenance technicians.

AGE DISTRIBUTION	As of 31 December									
	2022					2023				
	Total	18 - 39	40 - 49	50 - 59	60 and above	Total	18 - 39	40 - 49	50 - 59	60 and above
White Collar	46	33	10	2	1	46	32	10	3	1
Engineer	18	12	5	-	1	18	13	3	1	1
Administrative Staff	28	21	5	2	-	28	19	7	2	-
Blue Collar	327	153	98	70	6	335	182	102	47	5
Operation Technicians	168	71	45	50	2	172	89	52	29	2
Maintenance Technicians	159	82	53	20	4	163	92	50	18	3
Total	373	186	108	72	7	381	213	112	50	6

EDUCATION DISTRIBUTION	As of 31 December									
	2022					2023				
	Total	Secondary Education	High school	Associate Degree	Undergraduate and above	Total	Secondary Education	High school	Associate Degree	Undergraduate and above
White Collar	46	1	1	9	35	46	1	1	9	35
Engineer	18	-	-	-	18	18	-	-	-	18
Administrative Staff	28	1	1	9	17	28	1	1	9	17
Blue Collar	327	8	275	33	11	335	7	275	42	11
Operation Technicians	168	2	144	15	7	172	2	147	18	5
Maintenance Technicians	159	6	131	18	4	163	5	128	24	6
Total	373	9	276	42	46	381	8	276	51	46

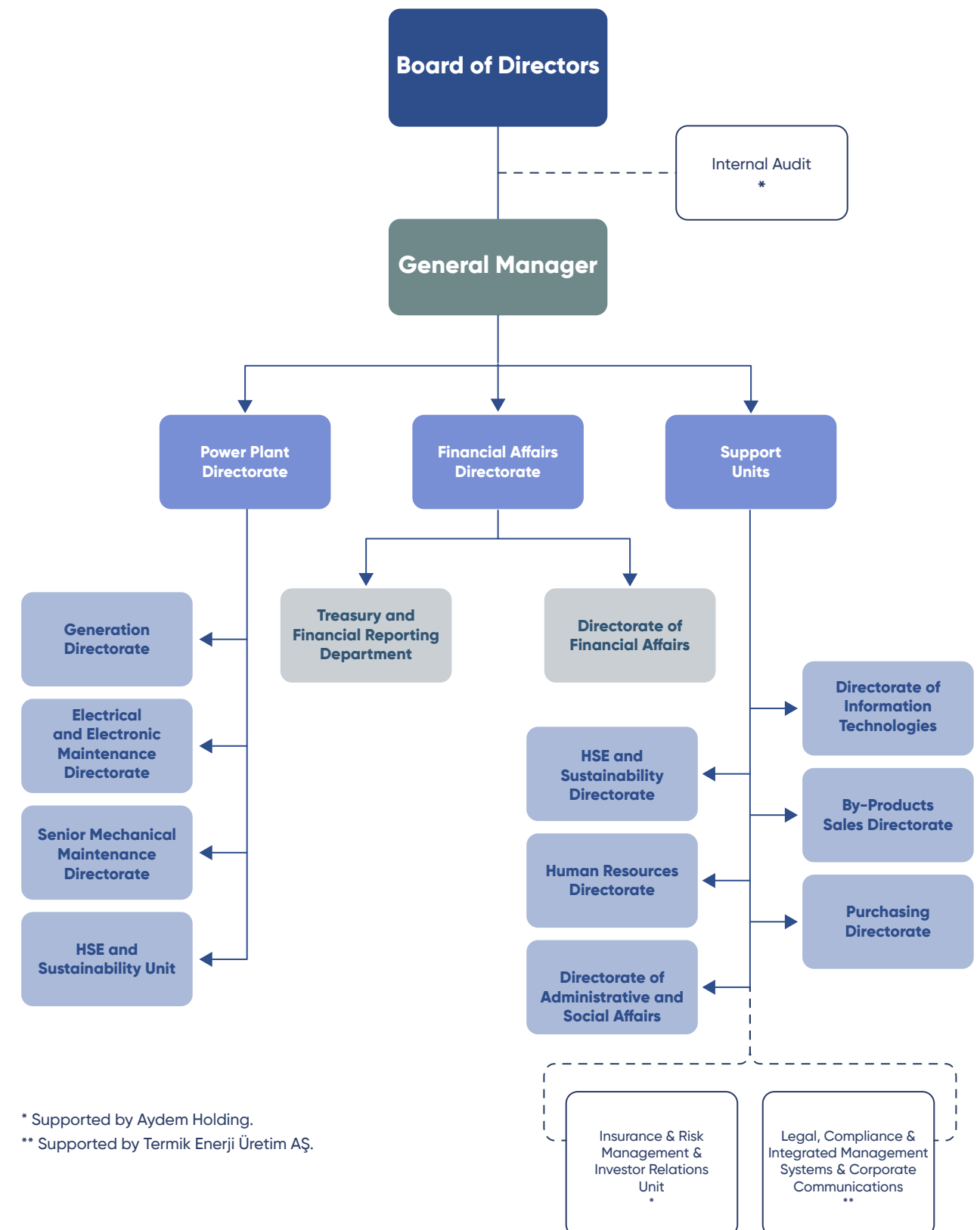
Human Resources

As of December 31, 2023, 333 employees of the Company are union members.

The Company has not experienced any material disputes or issues relating to the recruitment or retention of its employees. There has been no significant suspension or interruption in the Company's operations due to any labor dispute or personnel dispute. The Company has not faced any strikes since the employees working in electricity generation activities are prohibited from going on strike in accordance with Article 62 of the Law No. 6356 on Trade Unions and Collective Bargaining Agreements. Blue-collar employees who worked in the subcontractor companies of EÜAŞ, which operated the Power Plant before privatization, and who started working for the Company after privatization, have filed lawsuits for differential receivables, claiming that there are court decisions demanding the determination of collusion that they should receive the wages received by EÜAŞ workers within the scope of their pre-privatization work, and that the wages they are entitled to within the scope of these finalized decisions are vested rights, they filed a lawsuit claiming that they should be paid based on these wages after privatization, the court of first instance ruled for the dismissal of the case and the plaintiffs filed an application for appeal, the relevant files are under appeal review. In the additional protocols to the collective bargaining agreement signed with the Turkish Energy, Water and Gas Workers Union during the transfer phase, the employees working within the Company were divided into 4 groups, and the wages of the employees transferred from the public sector and the employees who started working within the Company after the transfer were determined differently. There are still workers within the Company who are categorized as pre-turnover and post-turnover, who do the same job, have the same title, but are paid different wages. As long as this distinction exists in collective bargaining agreements, there is a risk that lawsuits for differential wage claims will be filed; however, this risk will be eliminated if these lawsuits, which are in the appellate review and concluded in favor of the Company, are finalized in favor of the Company after passing the review of the higher court.

The Company does not believe that the related lawsuits will have a material adverse effect on its operations.

Organization Chart





HEALTH, ENVIRONMENT,
OCCUPATIONAL HEALTH
AND SAFETY



Health, Environment, Occupational Health and Safety

At ÇATES, employee health and safety is one of our highest priorities, and we fulfill national legislative obligations and adopt international business and practices. We evaluate the existing and potential risks throughout our operations through R5 (5 minutes for risks), work authorization forms and risk assessments. Preventing risks and being ready for emergencies is the main goal of our Company.

We provide training to all our employees on emergencies and risks, and after assessments are made on the issues that pose risks, we organize campaigns to raise awareness about risks and turn these risks into opportunities. Behavior Based Audit and Monthly Planned Safety Checks are conducted within the scope of Life Safety and Environment Committee activities. All employees at ÇATES undertake to comply with the HSE and Sustainability Policy.

The Company carries out activities on occupational health and safety issues with its own HSE and Sustainability unit in order to comply with the legislation. Occupational health and safety experts and a workplace physician work in the company.

The Company is also subject to many regulations within the scope of occupational health and safety. With its OHS procedures, the Company aims to prevent the personnel working at the Power Plant from being harmed in violation of the rules set forth in the OHS and environmental legislation. Within the scope of OHS regulations, all necessary trainings and other obligations are fulfilled by the Company. The company has ISO 45001 Occupational Health and Safety Management System Quality Certificate.

As ÇATES, Turkey's leading energy company, our top priority is to provide a healthy and reliable working environment for all our employees by ensuring the highest standards in our company management, and to act with environmental awareness in our internal and external activities.

The "My Hands are Safe" campaign was launched to raise awareness on occupational safety. The launch, which was held with the participation of senior management, emphasized the dissemination of occupational safety culture in all sites and reducing accidents to zero. Within the scope of the campaign, visual materials were prepared to raise awareness of all employees and employees were informed about occupational safety through short trainings. After this training, hand injuries decreased by 85%. We plan to prevent accidents with the campaign we call Golden Rules to eliminate accidents

We manage and organize our processes by integrating the concept of sustainability, which we address with its environmental, social and governance dimensions, into our business processes, and by taking our way of doing business that respects nature and people as the basis of all our activities.



Online Hazard and Incident Notifications

Continuing its digitalization journey at full speed, our company has switched to online platforms that will now allow on-site reporting of hazards, risks and incidents detected in the facility and its annexes through the "HSE Portal" application commissioned in 2023.



Integrated Management Systems

The Integrated Management Systems policy text includes the commitments of senior management within the scope of ISO 9001 Quality, ISO 14001 Environment, ISO 45001 OHS, ISO 50001 Energy Management Systems. All activities are planned and executed in line with the commitments of our Senior Management.

Activities are planned and executed in line with the IMS Annual Work Plan.

Process studies are carried out to analyze the current situation in the processes carried out by the departments and to identify the points that need to be improved. Within the scope of this work, work flow diagrams of the processes carried out by the departments are created, risks and opportunities are identified and reviewed annually.

KPI (Key Performance Indicator) determination studies are carried out at the beginning of each year. With this study, the performance of the processes is analyzed and improvement points are identified and actions are taken on these issues.

An internal audit process is conducted every year to check compliance with the Management System, and actions and corrective actions are initiated for the findings identified during the internal audit process.

A FGD (Management Review) Meeting is held every year with the participation of Senior Management. At the meeting, all activities carried out within the scope of Management Systems during the year are conveyed to the participants by the relevant management representatives. It is ensured that actions are taken for the decisions taken at the FGD Meeting.

In order to raise awareness, trainings are provided to relevant employees throughout the year within the topics determined in the IMS Training Plan. In addition, every new white-collar employee is given orientation training within the scope of the IMS.

Every year, an external audit process is carried out by the relevant certification body to ensure the continuity of the certificate. The control of compliance with the Management Systems is ensured by independent auditors. Representation of the company is made during the audit process.

All activities mentioned above within the scope of Management Systems are carried out in a digital environment (QDMS System). Module-based trainings are provided to all users to ensure effective use of the system.

All work carried out within the scope of the IMS is carried out to ensure continuous improvement on the basis of the PDCA cycle.



CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility

The provision required for donations to be made by the Company is included in the Company's Articles of Association. Within the framework of the CMB regulations, CMB, TCC, Turkish Code of Obligations No. 6098 and other secondary regulations and the internal regulations of the Company and the article of the Articles of Association regarding the subject of operation, within the scope of corporate social responsibility practices, the Company may make donations and aids with the decision of the board of directors within the limits to be determined by the general assembly, provided that the CMB does not violate the implicit income transfer regulations and the Corporate Governance principles that must be complied with and the donations made during the year are presented to the shareholders in the general assembly. However, donations and grants that would detract from the principle of protecting the rights of shareholders are avoided.

Compliance with the Company's corporate social responsibility policies is taken into consideration in the selection of the form, amount and the institutions, organizations or persons to whom the donation will be made. Donations and aids can be made to all kinds of institutions, organizations and persons, including universities, educational institutions, foundations, public benefit and other associations and persons or institutions of this nature, non-governmental organizations.

Employee motivation is prioritized at ÇATES. With events shaped around our corporate culture and values, where our employees feel valued, our employees are brought together and motivated socially in addition to their work motivation. At Aydem Energy, the main shareholder of our company, it is believed that all employees should fully and equally benefit from rights, resources and opportunities, and equally share the responsibilities of life without gender discrimination. This approach has also been adopted by ÇATES. ÇATES adopts the principle of equal pay for equal work. In line with our sustainability vision, we support continuous development by adding value to the development of our employees. In 2022, the number of training hours per person at ÇATES tripled compared to the previous year.

An afforestation cooperation protocol was signed between ÇATES and the Foundation for the Development of Forestry and Supporting Services to Fight Forest Fires (OGEM-VAK). With the protocol signed with the aim of combating erosion and increasing the presence of forests, a total of 10 thousand saplings will be planted in the forestation area of Sarıçam Forestry Enterprise in Saruhan district of Manisa province under the name of ÇATES Electricity Generation Memorial Forest.

ÇATES supports the elimination of child labor. In this context, child labor is not employed at ÇATES. In order to meet the most basic needs of our working mothers and to facilitate their working lives, a milk room project was launched in our company in 2022.

At ÇATES, all gender equality-oriented efforts in the field of diversity and inclusion are carried out with the "Equal Life" initiative. The project, which started its activities in 2020, works with the volunteer team in our company to transform the company's culture, organization, trainings, recruitment processes, physical conditions, and all messages given internally and externally with a gender equality approach. Monthly online meetings bring together academics, activists and business people to discuss gender equality concepts from different perspectives.

Çates Elektrik Üretim AŞ started its first football tournament this year to make it a tradition. The football tournament, in which teams formed with the participation of all employees of Çates Elektrik Üretim AŞ and Entek Elektrik İnşaat AŞ competed, started on November 7 at a private carpet field in Kozlu. The children who came to the tournament to watch their fathers also had a good time with the entertainment prepared for them.

On December 5, World Engineers' Day, we celebrated the World Engineers' Day with gifts for our engineer colleagues working at Çatalağzı Thermal Power Plant. Accompanied by an engineer pen specially designed for our engineers, we shared with our fellow engineers the congratulatory message of the General Manager of Thermal Power Plants.

On March 8, International Working Women's Day, all our female employees came together at a breakfast event. The women's day breakfast, which is traditionally organized every year, was also held this year. At the breakfast, where all female employees were together, wristbands specially prepared for employees were presented to our female employees to mark the meaning and importance of the day.

Successful stakeholder management contributes significantly to a company's success. Through effective dialog with stakeholders, our company increases its social acceptance, protects its reputation and strengthens its relations with the people of the region where our company operates.

This not only positively affects the business environment, but also creates new business opportunities and gives confidence to all our other stakeholders. At ÇATES, we are committed to values such as reconciliation, dialogue and cooperation. Loss of reputation and production is prevented through active stakeholder relations and the proper use of communication channels. In the light of the information obtained through successful communication with the people of the region in which we operate, the needs are met to the extent possible.

We celebrated April 23rd National Sovereignty and Children's Day by having fun together with our children. We hosted our children at our April 23rd Children's Festival with playgrounds and garden games, animators and playgrounds set up in an area prepared for children in a special football field. Children who attended our festival with their families had fun in garden games and inflatable slides, while their families watched their children and had a good time with our treats. At the April 23rd children's festival, to which all children were invited, the children expressed their happiness and thanked Mustafa Kemal Atatürk for gifting this holiday to them. As Çates Electricity Generation, we celebrate April 23rd National Sovereignty and Children's Day of all our children and we are happy to produce Turkey's energy for the future of our children.

ÇATES Management sponsored Bülent Ecevit University Automation and R&D Team and supported students to compete in Teknofest

ÇATES Electricity Generation (ÇATES) was also involved in the shooting of the documentary on "Zonguldak", which was also supported by the management of ÇATES. ÇATES management supported the documentary titled "Zonguldak's Riches" shot by Zeynep Sünger, a final year student at Çanakkale University, Faculty of Communication, Department of Radio, Television and Cinema.

ÇATES Elektrik Üretim AŞ supported the sale of "satsuma tangerines" initiated by the Children with Leukemia Health and Education Foundation (LÖSEV) to support children with cancer by purchasing tangerines. ÇATES management supported the campaign by offering LÖSEV tangerines to its employees at lunch and dinner.

Within the scope of the Environment Week, coastal cleaning was organized in ÇATES with the participation of volunteers. The event was supported by the ÇATES Power Plant Directorate and employees voluntarily cleaned the shore at ÇATES.

Şaban Komşu, who works as an Electronic Measurement Control master at Çates Electricity Generation (ÇATES), exhibited his works made with the art of burning. Komşu presented all his works to the visitors at the burn painting exhibition at the Fine Arts Gallery under the sponsorship of ÇATES.

We support the Red Crescent by donating blood at regular intervals to support the blood stock in our country. The project, carried out in cooperation with the Red Crescent, emphasizes the importance of life-saving blood donation. ÇATES will continue to support the Red Crescent in the project, which has been successfully carried out for three years with the support of all our employees, to popularize the habit of blood donation.

ÇATES (Çates Electricity Generation) was not indifferent to the flood disaster that occurred in Kastamonu and caused many people to be victimized. ÇATES Management donated 100 thousand TL to the aid campaign organized by the Zonguldak Governorship to support the disaster victims in Kastamonu.

ÇATES fire brigade teams participated in the fire extinguishing works to help the forest fire that broke out in Emirköy, Muslu, Zonguldak. In the morning hours, the fire, which is estimated to have started from a house in Emirköy, Muslu, expanded its area of influence in a short time and spread to the forest area. Upon this, ÇATES fire brigade teams also went to the fire area fully equipped and participated in the fire extinguishing works.

The workplace culture at ÇATES is built on human health, which is prioritized above all else, and the healthy return of all employees to their homes, and the "My Hands are Safe" campaign was launched to raise awareness on occupational safety. The launch, which was held with the participation of senior management, emphasized the dissemination of occupational safety culture in all sites and reducing accidents to zero. Within the scope of the campaign, visual materials were prepared to raise awareness of all employees and employees were informed about occupational safety through short trainings.

ÇATES fire brigade team gave practical fire extinguishing training to Çatalağzı Işıkenen Secondary School students in the school garden.

By investing in the individual and professional development of our employees, we reinforce our belief in long-term success and sustainability as a company.



INFORMATION TECHNOLOGIES



Research and Development Activities

None.

Information Technology

The Company receives information technology services from Aydem Holding and information systems services from GDZ Enerji Yatırımları AŞ.

Digitalization improves data quality and facilitates traceability. With traditional methods, data collection and analysis can be time-consuming and error-prone. By using digital platforms, data can be collected automatically and monitored in real time. This improves data quality and speeds up the detection of errors. At ÇATES, digitalization is a part of our business continuity. By collecting and analyzing data digitally, it is possible to continuously monitor and manage plant operations.

Constantly evolving technological advances and information security are critical in production processes. The digitalization and automation investments we have made in our power plant allow us to produce energy more efficiently and sustainably. Thanks to these investments, we optimize our production, use our resources more effectively, and achieve efficiency and cost savings. With the integration of our automation systems, we monitor the status of our equipment in real time and ensure business continuity by detecting possible failures in advance.

We aim to maximize occupational safety by minimizing operational risks with the data analytics brought by automation.

In order to make full use of the advantages of digitalization, we support the importance we attach to information security with the ISO 27001 Information Security Management System. At ÇATES, we continuously review our information security strategies, implement the latest cyber security protocols and train our employees in this regard.

Çates Electricity Generation's 2023 information technology efforts focused on digitalization, strengthening infrastructure and cyber security. The Information Technologies Department continued to develop digital transformation practices and to introduce new applications to the business units in line with the Company's technology needs.

We implement an effective Corporate Information Security Management System within the framework of the ISO/IEC 27001 Information Security Management System standard in order to use the advantages of digitalization in a secure manner. The Company's compliance with regulations has been enhanced with the practices put in place, and steps have been taken to support the existing structure for information security, protection of personal data and confidentiality of corporate data. We constantly review our information security strategies and protect our systems with the latest cyber security technologies.

Our top priority is to ensure the confidentiality, integrity and accessibility of data, one of our most important assets. We carry out all controls related to technical and administrative measures in the environments where data is obtained, processed, transmitted and stored.

By accurately analyzing end-user needs, the Information Technologies Department continued to ensure that the Company's business units are provided with the technology products required by the age with appropriate and accurate corporate hardware and solutions. 24/7 end-user support was provided to prevent interruptions in users' processes through on-site and remote support activities.

During the year, the Company's needs were analyzed on site and business processes were internalized to ensure that technology requirements and needs were correctly identified. In line with the findings, work was carried out to address the needs in corporate applications, security and infrastructure.

In 2024, the Directorate of Information Technologies will continue to shape its activities with a focus on cyber security, uninterrupted communication and sustainability, and support all stakeholders by implementing up-to-date applications for technology needs and new digital transformation demands from business units.

It will follow solutions related to the energy sector that provide benefits on a global scale, carry out studies for hardware, applications and solutions that will benefit the Company, and continue its support activities for the implementation of globally accepted operational practices in our Company.

The Information Technologies Department aims to increase the level of maturity by adding new ones to infrastructure improvements and security solutions, to ensure secure and uninterrupted communication between our production facility and central units, to provide hardware that enables business units to access their processes from any point, and thus to increase the added value generated for the Company.





ÇATALAĞZI
THERMAL POWER PLANT

CORPORATE GOVERNANCE



Board of Directors



Hamdi Alp

(Chairman of the Board of Directors Real Person Representative of Aydem Holding, General Manager)

Hamdi Alp holds a bachelor's degree in Public Administration from Trakya University. Hamdi Alp started his career as Cost Control Chief at Reysas Gıda AŞ between January 2001 and December 2004. From July 2005 to October 2006, he worked at Dünya Göz Hospital as Budget and Cost Control Specialist and from October 2006 to July 2009, he worked at Medical Park Hospital as Assistant Finance Group Manager. Hamdi Alp then served as the Financial Affairs Manager at Akfel Holding from July 2009 to October 2016 and as the Financial Affairs Director at Isystems Endüstri between November 2016 and May 2018. Hamdi Alp, who was appointed as the Financial Affairs Group Manager at Aydem Holding in October 2018, started to work as the Company's Financial Affairs Director in August 2019. In March 2020, he was appointed as CFO of Aydem Yenilenebilir Enerji AŞ. In April 2023, he continues his duty as General Manager of Aydem Group Thermal Power Plants.



Mehmet Akif Gül

(Board Member)

Mehmet Akif Gül graduated from Middle East Technical University, Department of Metallurgical Engineering. Mehmet Akif Gül started his career in 1980 at Elsan Elektrik Gereçleri AŞ, which he participated in the establishment of as a shareholder, and continues to serve as Chairman of the Board of Directors at the same company. Mehmet Akif Gül, who has 40 years of experience in the sector, also served as Vice Chairman of the Board of Directors at ADM Elektrik Dağıtım AŞ and GDZ Elektrik Dağıtım AŞ, which are Aydem Energy group companies. He is currently serving as General Manager at Elsan and Board Member at Tümaş Mermer AŞ.



Engin Kavas

(Board Member)

Engin Kavas, who graduated from ITU Mathematical Engineering department and then completed his master's degree in Systems Analysis program of the same university, has worked as a senior manager in companies operating in Telecom, Healthcare, Automotive, Defense Industry and Energy sectors both in Turkey and abroad, managed the information technology departments of these companies and carried out many successful large-scale digital transformation projects.

With a career spanning more than 25 years, Engin Kavas currently works as the Head of Information Technologies Group at Aydem Energy and also serves as a member of the Board of Directors of Aydem Energy's group companies.



Ridvan Edip Akdeniz

(Board Member, Power Plant Director)

Ridvan Edip Akdeniz graduated from Kocaeli University, Faculty of Engineering, Department of Electronics and Communication Engineering in 2005. He started his career at Yatağan Yeniköy Elektrik Üretim AŞ, where he worked as Production Manager, Measurement Control Engineer, FDG Operation Engineer, Chief Engineer. In 2014, he started working for Aydem Energy. At Aydem Energy, Akdeniz first worked as Assistant Plant Manager at Yatağan Termik Enerji Üretim AŞ and then as Senior Manager of Thermal Power Plants Production Planning in 2019.

Ridvan Edip Akdeniz has been serving as the Director of Çatalağzı Thermal Power Plant since 2021.



Emirhan Karayay

(Board Member)

Emirhan Karayay holds a Bachelor's degree in Business Administration and a Master's degree in Finance Management (MS) from Istanbul University Institute of Business Economics. He started his career as a Human Resources Specialist at Şahinler Holding in 1999. He worked as Human Resources Manager and Human Resources Manager at Yıldız Holding between 2005 - 2012 and in 2015, respectively. Between 2012 and 2013, he worked as Human Resources Manager in Matlı Group of Companies. Between 2013 and 2018, he worked as Human Resources Director at Eksim Yatırım Holding. He joined Aydem Holding in 2019 and first served as Aydem Holding Human Resources Group Director. Afterwards, he worked as the Human Resources Director of Aydem Yenilenebilir AŞ and served as the Human Resources Director of Aydem Holding Electricity Distribution Companies ADM Elektrik Dağıtım AŞ and GDZ Elektrik Dağıtım AŞ between 2020 and 2022. As of 2023, he has been reappointed as Aydem Holding Human Resources Group Director and continues to serve as the Human Resources Group President and has board memberships in Aydem Enerji group companies.

55 Board of Directors meetings were held in 2023 and the attendance rate was realized as 100%.

Board of Directors

Name Surname	Companies and Tasks Assumed in the Last 5 Years	Companies and Companies in which he is a Partner Partnership Status
MEMBERS OF THE BOARD OF DIRECTORS		
Aydem Holding AŞ (Real person representative Hamdi ALP)	Chairman of the Board of Directors:	Çates Elektrik Üretim A.Ş. (%100)
	(i) Aydem Enerji Yatırımları A.Ş.	Yatağan Termik Enerji Üretim A.Ş. (%100)
	(ii) Aydem Yenilenebilir Enerji A.Ş.	Aydem Enerji Yatırımları A.Ş. (%100)
	(iii) Çates Elektrik Üretim A.Ş.	Aydem Yapı Gayrimenkul Yatırımları A.Ş. (%100)
	(iv) Yatağan Termik Enerji A.Ş.	Bereket Elektrik Tedarik A.Ş. (%100)
	(v) Aydem Plus Enerji Çözümleri Tic. A.Ş. (formerly Ege Perakende Enerji Satış A.Ş.)	Elsan Elektrik Gereçleri San. Ve Tic. A.Ş. (%100)
	(vi) Aydem Elektrik Perakende Satış A.Ş.	Tümaş Mermer Sanayi ve Ticaret A.Ş. (%100)
	(vii) Gediz Perakende Satış A.Ş.	Bereket Havacılık A.Ş. (%100)
	(viii) Gdz Enerji Yatırımları A.Ş.	Aydem Elektrik Perakende Satış ve Ticaret A.Ş. (%100)
	(ix) Parla Enerji Yatırımları A.Ş.	ADM Elektrik Dağıtım A.Ş. (%90)
	(x) Parla Solar Hücre ve Panel Üretim A.Ş.	GDZ Enerji Yatırımları A.Ş. (%100)
	(xi) Yf Operasyonel Kiralama A.Ş.	
	(xii) Extranet İletişim Hizmetleri A.Ş. (expiration date: 25.10.2023)	Yalova Rüzgar Enerjisinden Elektrik Üretim A.Ş. (%50)
	(xiii) Sarı Perakende Enerji Satış ve Ticaret A.Ş. (01.06.2022)	Parla Enerji Yatırımları A.Ş. (%100)
	Vice Chairman of the Board of Directors:	ADM Energy Elektrik Yatırımları A.Ş. (%100)
	(i) Elsan Elektrik Gereçleri Sanayi ve Ticaret A.Ş.	Aydem Yenilenebilir Enerji A.Ş. (%84,2)
	(ii) Tümaş Mermer Sanayi ve Ticaret A.Ş.	Yatağan Servis ve Enerji Danışmanlık A.Ş.
	(iii) Aydem Yapı Gayrimenkul Yatırımları A.Ş.	Parla Solar Hücre ve Panel Üretim A.Ş.
	(iv) Yalova Rüzgar Enerjisinden Elektrik Üretim A.Ş.	Gediz Enerji Yatırımları A.Ş.
		Panobel Elektrik Gereçleri A.Ş.
		YF Operasyonel Kiralama A.Ş.
		GDZ Elektrik Dağıtım A.Ş.
		Gediz Elektrik Perakende Satış A.Ş.
		Aydem Plus Enerji Çözümleri Tic. A.Ş.
		Eytur Enerji Elektrik Üretim ve Ticaret A.Ş.
		Başat Enerji Elektrik Üretim ve Ticaret A.Ş.
		Sarı Perakende Enerji Satış ve Tic.A.Ş.
		Akköprü Yenilenebilir Enerji Üretim A.Ş.
Mehmet Akif GÜL	Chairman of the Board of Directors	Aydem Holding A.Ş. (%3,5) Bereket Yatırım Holding A.Ş. (%33)
	(i) Elsan Elektrik Gereçleri Sanayi ve Ticaret A.Ş.	
	Vice Chairman of the Board of Directors	
	(i) GDZ Elektrik Dağıtım A.Ş. (end date: 25.09.2024)	
	(ii) ADM Elektrik Dağıtım A.Ş. (end date: 25.09.2024)	
	Board Member	
	(i) Çates Elektrik Üretim A.Ş.	
Rıdvan Edip AKDENİZ	(ii) Tümaş Mermer Sanayi ve Ticaret A.Ş.	-
	Board Member	
	(i) Çates Elektrik Üretim A.Ş.	
	(ii) Kızılağaç Yeşilyayla Yapı Konut Kooperatifi	
	Other Tasks	
	(i) Çates Elektrik Üretim A.Ş. – Power Plant Director	

Name Surname	Companies and Tasks Assumed in the Last 5 Years	Companies and Companies in which he is a Partner Partnership Status
MEMBERS OF THE BOARD OF DIRECTORS		
Engin KAVAS	Board Member	-
	(i) Çates Elektrik Üretim A.Ş.	
	(ii) GDZ Enerji Yatırımları A.Ş.	
	(iii) Yatağan Termik Enerji Üretim A.Ş.	
	Vice Chairman of the Board of Directors	
	(i) Aydem Enerji Yatırımları A.Ş.	
	(ii) Parla Enerji Yatırımları A.Ş.	
	(iii) ADM Energy Elektrik Yatırımları A.Ş.	
	(iv) Parla Solar Hücre ve Panel Üretim A.Ş. (GDZ Enerji Yatırımları A.Ş.'yi temsilen)	
	(v) Gediz Enerji Yatırımları A.Ş.	
	(vi) Aydem Plus Enerji Çözümleri Ticaret A.Ş.	
	Other Tasks	
	Aydem Holding A.Ş. – Chief Information Officer	
Emirhan KARAYAY	Board Member	-
	(i) Çates Elektrik Üretim A.Ş.	
	(ii) Elsan Elektrik Gereçleri Sanayi ve Tic. A.Ş.	
	(iii) Yatağan Termik Enerji Üretim A.Ş.	
	(iv) GDZ Enerji Yatırımları A.Ş.	
	(v) Extranet İletişim Hizmetleri A.Ş. (bitiş tarihi: 25.10.2023)	
	(vi) Yf Operasyonel Kiralama A.Ş.	
	(vii) Gediz Enerji Yatırımları A.Ş.	
	(viii) Parla Enerji Yatırımları A.Ş.	
	(ix) ADM Energy Elektrik Yatırımları A.Ş.	
	(x) Yatağan Servis ve Enerji Danışmanlık A.Ş.	
	(xi) İnoven Enerji Mühendislik ve Tic. A.Ş.	
	(xii) İmpera Enerji ve Mühendislik A.Ş.	
	Other Tasks (i) Aydem Holding A.Ş. – Chief Human Resources Officer	

Board of Directors

Name Surname	Companies and Tasks Assumed in the Last 5 Years	Companies and Companies in which he is a Partner Partnership Status
STAFF WITH A VOICE IN MANAGEMENT		
Mehmet ÖZÜLKÜ	(i) Çates Elektrik Üretim A.Ş. – Financial Affairs Director (ii) Enerjisa Enerji Üretim A.Ş. – Financial Planning Manager (end date: September 2022) (iii) Vorwerk Turkey Ev Aletleri Ltd. Şti. – Finance Manager (end date: September 2019) (iv) Gulf Cryo Gaz Sanayi ve Ticaret A.Ş. – Finance Manager (end date: August 2018) (v) Yatağan Servis ve Enerji Danışmanlık A.Ş. – Manager	-
Hasan AKPINAR	(i) Aydem Holding A.Ş. – Aydem Enerji Treasury and Finance Group Director	-
Hamdi ALP	(i) Aydem Group General Manager of Thermal Power Plants Chairman of the Board of Directors (i) Çates Elektrik Üretim A.Ş. (representing Aydem Holding AŞ) (ii) Yatağan Termik Enerji A.Ş. (representing Aydem Holding AŞ) (iii) Bereket Elektrik Tedarik A.Ş. (iv) Avdan Madencilik Enerji Sanayi ve Tic. A.Ş. (v) Yatağan Servis ve Enerji Danışmanlık A.Ş. (representing Aydem Yapı Gayrimenkul Yatırımları AŞ) Vice Chairman of the Board of Directors (i) Tümaş Mermer Sanayi ve Ticaret A.Ş. (representing Aydem Holding AŞ) (ii) Aydem Yenilenebilir Enerji A.Ş. (duty start date: 20.10.2023 - end date: 25.10.2023) (iii) Akköprü Yenilenebilir Enerji A.Ş. (20.10.2023 - 26.10.2023) (iv) Aydem Yapı Gayrimenkul Yatırımları A.Ş. (representing Aydem Holding AŞ) Board Member (i) Aydem Yenilenebilir Enerji A.Ş. Duty end date: 10.06.2021) (ii) Akköprü Yenilenebilir Enerji A.Ş. (Duty start date: 15.10.2021 - end date: 5.06.2023) (iii) Ayges Solar Enerji Üretim A.Ş. (duty commencement date: 29.11.2019-task end date: 18.01.2022) Bereket Havacılık A.Ş. (iv) Inoven Enerji Mühendislik ve Tic. A.Ş. (v) İmpera Enerji ve Mühendislik A.Ş. General Manager - Çates Elektrik Üretim AŞ - Yatağan Termik Üretim AŞ 05.2023 - currently Assistant General Manager/CFO - Aydem Yenilenebilir Enerji AŞ - 04.2020 - 04.2023 Chief Financial Officer - Aydem Holding AŞ 10.2018 - 07.2019	-
Rıdvan Edip AKDENİZ	Board Member (i) Çates Elektrik Üretim A.Ş. (ii) Kızılağaç Yeşilyayla Yapı Konut Kooperatifi Other Tasks (i) Çates Elektrik Üretim A.Ş. – Power Plant Director	-

Declarations of Independence

As of the date of the report, the Company does not have any Independent Board Member.

Evaluation of the Board of Directors

Messages from Management, Risks and Opportunities

As Çates Electricity Generation, we use internationally recognized risk management principles in our risk management processes and fully comply with the Capital Markets Board's Corporate Governance Principles regulation. At Çates Electricity Generation, we integrate risk management into the entirety of our operations and strategic planning, implement a reliable risk management mechanism in all our investment decisions and processes, and comprehensively evaluate all risks and opportunities. Thanks to our risk awareness, which has become a corporate culture in all our processes and units, we ensure that our strategic decisions and operational activities remain within the limits of our risk appetite, and we manage all risk factors that may adversely affect our Company and our stakeholders, including financial performance and reputation, in the most effective manner. We regularly review the risk management policies and systems that we have determined in order to identify and analyze the risks to be encountered, to determine appropriate risk limits and to monitor key risk indicators and risks in comparison with the relevant limits.

The Board of Directors is responsible for establishing plans and policies regarding risk management activities at Çates Electricity Generation. The Board of Directors has assigned the Early Detection of Risk Committee to manage risks effectively. The Early Detection of Risk Committee convenes periodically at least six times a year and more frequently if needed. Çates Electricity Generation Risk Management Policy has been approved by the Board of Directors of Çates Electricity Generation and explains the risk management strategy of Çates Electricity Generation, general principles and management principles regarding the risk management framework.

The Company's risk management manager or legal and compliance manager is responsible for creating supporting documentation and implementing risk management activities in line with the Risk Management plan and policies. In addition, risk management has been fully integrated into the daily activities and strategic planning of Çates Electricity Generation in order to make faster decisions and take quicker action under volatile and competitive market conditions.

As Çates Electricity Generation, we work with the belief that protecting the assets and values of our Company in the long term, ensuring sustainable financial performance, competitiveness and growth, and protecting the interests of all our stakeholders can be achieved through effective management of financial and non-financial risks. In addition to the financial impact of risks, we evaluate their reputational impact, their impact on supervisory and regulatory bodies, their impact on employees, and their impact on our value chain. As Çates Electricity Generation, we use internationally recognized risk management principles in our risk management processes and take all necessary actions to comply with the Capital Markets Board's Corporate Governance Principles regulation.

At Çates Electricity Generation, we integrate risk management into the entirety of our operations and strategic planning, implement a reliable risk management mechanism in all our investment decisions and processes, and comprehensively evaluate all risks and opportunities. Thanks to our risk awareness, which has become a corporate culture in all our processes and units, we ensure that our strategic decisions and operational activities remain within the limits of our risk appetite, and we manage all risk factors that may adversely affect our Company and our stakeholders, including financial performance and reputation, in the most effective manner.

Assessment of the Board of Directors on the Internal Audit and Control System and the Activities Carried Out in This Scope

Internal audit and control activities carried out within Çates Elektrik Üretim AŞ have a systematic structure designed to assess whether risk management, financial reporting, control and governance processes are carried out effectively, adequately, efficiently and in compliance with existing legal and internal regulations, and whether information systems are managed in a secure and reliable manner. The Internal Audit Function, which carries out its activities within this scope with a risk-oriented approach, regularly reports its work to provide reasonable assurance to the Board of Directors, shareholders and other stakeholders and acts as an independent and objective assurance function that receives its authority from the Company's Board of Directors. The Internal Audit Function also oversees the proper definition, adequate and effective realization of the objectives related to compliance with the ethical rules and working principles defined within the company and fulfills the activities within its area of responsibility.

Accordingly, central and on-site internal audit activities were carried out within the Company in accordance with the 2023 Audit Plan. Audit and control activities are capable of providing a reasonable level of assurance on risk management, internal control and governance processes. Agreements were reached with the Management on actions to improve the individual control deficiencies identified during the audits and periodically monitored whether these actions were implemented on time.

Assessment of the Board of Directors on the Financial Position and Results of Operations

As a result of great efforts and devoted work, our company was offered to the public on December 7, 2023 and started to be traded on the Borsa Istanbul - Stars Market.

Total asset size increased by 57% compared to 2022 as a result of the revaluation of power plants after the changes in economic conditions and the increase in investments in 2023. The change in the fair value of power plants also had a positive impact on the size of equity.

Assessment of the Board of Directors on the Committees

Five committees will be established within the Board of Directors: "Audit Committee", "Corporate Governance Committee", "Early Detection of Risk Committee", "Sustainability, Environment, Occupational Health and Safety" and "Investment Committee".

The Committees will convene in accordance with the meeting agendas established within the scope of their objectives and duties, within the framework of their working principles, and will make recommendations and presentations to the Board of Directors in line with the decisions taken.

Detailed information on the Committees is available on the Company website available at <https://www.cates.com.tr/en/investor-relations/corporate-governance>

Senior Management

Staff with a Voice in Management:

Hamdi Alp (General Manager)

Hamdi Alp holds a bachelor's degree in Public Administration from Trakya University. Hamdi Alp started his career as Cost Control Chief at Reysas Gıda AŞ between January 2001 and December 2004. From July 2005 to October 2006, he worked at Dünya Göz Hospital as Budget and Cost Control Specialist and from October 2006 to July 2009, he worked at Medical Park Hospital as Assistant Finance Group Manager. Hamdi Alp then served as the Financial Affairs Manager at Akfel Holding from July 2009 to October 2016 and as the Financial Affairs Director at Isystems Endüstri between November 2016 and May 2018. Hamdi Alp, who was appointed as the Financial Affairs Group Manager at Aydem Holding in October 2018, started to work as the Company's Financial Affairs Director in August 2019. In March 2020, he was appointed as CFO of Aydem Yenilenebilir Enerji AŞ. In April 2023, he continues his duty as General Manager of Aydem Group Thermal Power Plants.

Mehmet Özülkü (Financial Affairs Director)*

Mehmet Özülkü graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2005. He started his career as an auditor at KPMG Turkey and then worked as Planning and Reporting Manager at Türk Telekom between 2009-2013. Mehmet Özülkü continued his career as Finance and Controlling Manager at Enerco Energy between 2013-2018. Afterwards, he worked as Finance Manager at Gulf Cryo Turkey and Vorwerk Turkey. He worked as Financial Planning Manager at Enerjisa Üretim between 2019-2022. Mehmet Özülkü started working at Aydem Holding - Thermal Power Plants Group in 2022 and continues to serve as the Director of Financial Affairs.

"Mr. Mehmet Özülkü, who served as the Finance Director of our Company, resigned from his position as of April 1, 2024."

Rıdvan Edip Akdeniz (Power Plant Director)

Rıdvan Edip Akdeniz graduated from Kocaeli University, Faculty of Engineering, Department of Electronics and Communication Engineering in 2005. He started his career at Yatağan Yeniköy Elektrik Üretim AŞ where he worked as Production Manager, Measurement Control Engineer, FDG Operation Engineer and Chief Engineer. In 2014, he started to work at Aydem Energy. At Aydem Energy, Akdeniz first worked as Assistant Plant Manager at Yatağan Termik Enerji Üretim AŞ and then as Senior Manager of Thermal Power Plants Production Planning in 2019.

Rıdvan Edip Akdeniz has been serving as the Director of Çatalağzı Thermal Power Plant since 2021.

Hasan Akpınar (Treasury and Finance Group Director)

Hasan Akpınar graduated from Uludağ University, Faculty of Economics and Administrative Sciences, Department of Finance in 2003. He started his career in 2005 at Emre Isı Makineleri Sanayi Ticaret Ltd. Şti. as a Finance Specialist, and then worked as a Finance Specialist at Istanbul Pharmacists Pharmaceutical Distribution Company in 2010. Between 2010-2019, he worked as a Finance Specialist, Finance Manager and Finance Manager within Kazancı Holding AŞ. Hasan Akpınar started working for Aydem Energy in June 2019. Hasan Akpınar first served as Aydem Energy Finance Group Manager and then as Aydem Energy Treasury and Finance Group Director since January 2022.



Hamdi Alp



Mehmet Özülkü



Rıdvan Edip
Akdeniz



Hasan Akpınar

Committees and Policies

Committees

The Committees of the Board of Directors of our Company have not yet been established and the Working Principles of the Committees can be accessed under the Corporate Governance heading on the Investor Relations page of our Company.

Our Policies

Detailed information on the Company's policies and working principles of the committees can be found on the Corporate Governance tab under the Investor Relations menu on the Company's website or on

You can access it via the link
<https://www.cates.com.tr/en/investor-relations/corporate-governance>

General Assembly

On 5 May 2023, the Ordinary General Assembly Meeting for 2022 was held. You can access the meeting minutes through the Corporate Governance tab in the Investor Relations menu on our Company's website or via the link

<https://www.cates.com.tr/en/general-assembly>

Declaration of Compliance with Corporate Governance Principles

Çates Elektrik Üretim AŞ ("the Company") continues its efforts to internalize and implement the "Corporate Governance Principles" determined by the Capital Markets Board ("CMB") within the Company. The Investor Relations Unit, which is tasked with the internalization and development of Corporate Governance practices and whose activities are overseen by the Company's Corporate Governance Committee, carries out its activities in the areas of public disclosure and transparency, relations with shareholders and stakeholders in accordance with the Capital Markets Law ("CMB Law"), the Turkish Commercial Code ("TCC"), the Company's Articles of Association and the CMB Corporate Governance. Communiqué No. 11-17.1 ("Communiqué").

In terms of the implementation of Corporate Governance Principles, the Company is in the first group according to the grouping made by the CMB according to the systemic importance of companies. In this context, the Company complies with all mandatory Corporate Governance Principles.

On the other hand, the Corporate Governance Principles, which are not mandatory but not yet implemented/partially implemented within the Company, have not led to any conflict of interest so far. In this context, the principles that have not yet been implemented/partially implemented are listed

- Regarding principle numbered 1.4.2, the Company has shares with privileged voting rights;

According to the Company's Articles of Association;

Provided that the capital represented by Class A shares continues to represent at least 30% of the issued capital of the Company, two members of the Board of Directors if the Board of Directors consists of five members, three members if the Board of Directors consists of six or seven members, and four members if the Board of Directors consists of eight or nine members, shall be elected among the candidates nominated by the shareholders holding the majority of the capital represented by Class A shares.

Provided that the quorums stipulated in the Capital Markets Law and the Turkish Commercial Code are maintained, the affirmative vote of the shareholders holding the majority of the capital represented by Group A shares is also required for the General Assembly of the Company to take decisions on the following matters and amendments to the Articles of Association falling within the scope of these matters:

Approval of the budget.

Amendment of the articles of association, except for capital increases to be made according to the registered capital system.

Changing the company's field of activity, entering into new lines of business or abandoning existing lines of business.

Capital increase, liquidation, dissolution, termination, capital decrease, change of type of the Company, except for capital increases to be made according to the registered capital system.

Bankruptcy, concordatum, application for financial restructuring under Article 309/mth of the Enforcement and Bankruptcy Law No. 2004.

Transfer of all or part of the company's commercial enterprise.

- Regarding the principle 1.5.2, utmost attention is paid to the exercise of minority rights. Shareholders constituting one-twentieth of the capital may request the board of directors to call the general assembly for a meeting by stating the reasons and the agenda in writing or, if the general assembly is already convened, to include the matters they wish to be resolved on the agenda. The request for placing an item on the agenda is made in accordance with Article 411 of the Law.

- Regarding the principle numbered 4.2.8; Although the Company has executive liability insurance, considering that the Company's capital is high, the policy amount is below the rate mentioned in the Communiqué.

- Regarding the principle 4.4.7; Due to the significant contribution of the work experience and sectoral experience of the Members of the Board of Directors of the Company to the Board of Directors, they are not restricted from taking other duties outside the Company, and this does not cause any conflict of interest. It is also submitted for the information of shareholders at the general assembly meeting. The résumés of our Board Members are included in our annual report and on the Company's corporate website.

- Regarding the principle 4.5.5; since our process of appointing independent board members continues, committee members have not yet been determined

- Regarding the principle 4.5.7; since our process of appointing independent board members continues, committee members have not yet been determined.

- Regarding the principle 4.6.5; It is aimed to establish a balance between the rights and interests to be protected in terms of the Law on the Protection of Personal Data and the Remuneration Policy in the disclosure of the wages and benefits provided to the Members of the Board of Directors and senior managers, and the rights of shareholders and stakeholders to receive information in terms of the requirement of transparency in accordance with the Communiqué, taking into account the principle of proportionality. In this context, the remuneration of the members of the Board of Directors and senior executives are not disclosed on an individual basis, but are included in the annual report as a total amount.

Corporate Governance Compliance Report

Company Compliance Status						Explanation
Corporate Governance Compliance Report	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
	X					
1.2. RIGHT TO OBTAIN AND REVIEW						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	X					
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.		X				<ul style="list-style-type: none">• Provided that the capital represented by Class A shares continues to represent at least 30% of the issued capital of the Company, two members of the Board of Directors shall be elected from among the candidates nominated by the shareholders holding the majority of the capital represented by Class A shares if the Board of Directors consists of five members, three members if it consists of six or seven members, and four members if it consists of eight or nine members.• Provided that the quorums stipulated in the Capital Markets Law and the Turkish Commercial Code are maintained, the affirmative vote of the shareholders holding the majority of the capital represented by Class A shares is also required for the General Assembly of the Company to take decisions on the following matters and amendments to the Articles of Association falling within the scope of these matters: • Approval of the budget. • Amendment of the articles of association, except for capital increases to be made according to the registered capital system. • Changing the Company's field of activity, entering into new lines of business or abandoning existing lines of business. • Capital increase, liquidation, dissolution, termination, capital decrease, change of type of the company, except for capital increases to be made according to the registered capital system. • Bankruptcy, concordat, application for financial restructuring within the scope of Article 309/m. of the Execution and Bankruptcy Law No. 2004. • Transfer of all or part of the company's commercial enterprise.

Company Compliance Status						Explanation
Corporate Governance Compliance Report	Yes	Partial	No	Exempted	Not Applicable	
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Maximum attention is paid to the exercise of minority rights. Shareholders constituting one-twentieth of the share capital may request the board of directors to call the general assembly for a meeting by stating the reasons and agenda in writing, or if the general assembly is already convened, they may request the board of directors to put the issues they wish to be resolved on the agenda. The request to add an item to the agenda is made pursuant to Article 411 of the Law.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					

Corporate Governance Compliance Report

Company Compliance Status						Explanation
Corporate Governance Compliance Report	Yes	Partial	No	Exempted	Not Applicable	
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.		X				Although customer satisfaction is not measured, company activities are always based on unconditional customer satisfaction.

Company Compliance Status						Explanation
Corporate Governance Compliance Report	Yes	Partial	No	Exempted	Not Applicable	
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				There is an executive liability policy, the amount of the policy does not exceed 25% of the share capital due to the high capital of the Company.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						

Corporate Governance Compliance Report

Company Compliance Status						Explanation
Corporate Governance Compliance Report	Yes	Partial	No	Exempted	Not Applicable	
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attend the majority of the board meetings in person or via an electronic board meeting system	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Members of the board of directors are not restricted from assuming other duties outside the company, but this situation does not cause any conflict of interest.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.					X	Since the process of appointing independent members is ongoing, committee members have not yet been determined.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	Since the process of appointing independent members is ongoing, committee members have not yet been determined.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				In not disclosing the remuneration and benefits provided to the members of the Board of Directors and senior executives, it is aimed to establish a balance between the rights and interests that need to be protected in terms of the Personal Data Protection Law and Remuneration Policy and the rights of shareholders and stakeholders to obtain information in terms of the transparency requirement in accordance with the Corporate Governance Communiqué, taking into account the principle of proportionality. In this context, the remuneration of board members and senior executives are not disclosed on individual basis, but are included in the annual report as a total amount.

Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	0
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	Since the Ordinary General Assembly Meeting for 2022, which was held on 05.05.2023, was held before the public offering, there is no KAP announcement link, but you can access the meeting minutes at https://www.cates.com.tr/en/general-assembly-link .
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Since the 2022 General Assembly was held prior to the public offering, it was prepared only in Turkish.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	-
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (B-17.1)	-
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (B-17.1)	-
The name of the section on the corporate website that demonstrates the donation policy of the company	Corporate Website/ Investor Relations/ Corporate Governance/ Policies/Donation and Aid Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	2023 will be included in the agenda of the Ordinary General Assembly Meeting.
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	None.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	You can access the list of attendees at the Ordinary General Assembly Meeting for the Year 2022 held on 05.05.2023 https://www.cates.com.tr/en/general-assembly-link .
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Yes
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	Privileged shareholders are the holders of Group A shares, which account for 50.99% of the shares.
The percentage of ownership of the largest shareholder	% 79.99
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	None.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Corporate Website/Investor Relations/Corporate Governance/Policies/Dividend Distribution Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	You can access the meeting minutes of the Ordinary General Assembly Meeting for the Year 2022 held on 05.05.2023 at https://www.cates.com.tr/en/general-assembly-link .
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	Since the Ordinary General Assembly Meeting for the Year 2022 held on 05.05.2023 was held before the public offering, there is no PDP announcement link, but you can access the minutes of the meeting at https://www.cates.com.tr/en/general-assembly-link .
General Assembly Meetings	
General Assembly Date	5.05.2023
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders' Meeting	100.00%
Percentage of shares directly present at the GSM	100.00%
Percentage of shares represented by proxy	0
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Corporate Website/Investor Relations/Corporate Governance/General Assembly
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Corporate Website/Investor Relations/ Corporate Governance/General Assembly
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	None.
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	Since the Ordinary General Assembly Meeting for 2022 held on 05.05.2023 was held before the public offering, there is no KAP announcement link, but the meeting minutes can be found at https://www.cates.com.tr/en/general-assembly-link .
2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Corporate Website/ Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Corporate Website/ Investor Relations/ Corporate Governance/ Shareholding Structure
List of languages for which the website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	2023 Annual Report/Corporate Governance/Board of Directors & 2023 Annual Report/Corporate Governance/Independence Declarations

b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	2023 Annual Report/Corporate Governance/Committees and Policies
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	2023 Annual Report/Corporate Governance/Board of Directors
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	2023 Annual Report/Corporate Governance/Legislative Amendments in 2023
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	2023 Annual Report/Corporate Governance/Information on Lawsuits Filed Against the Company that may Affect the Financial Position and Activities of the Company and Their Possible Results
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	2023 Annual Report/Corporate Governance/Information on Conflicts of Interest between the Company and Institutions Providing Services Such as Investment Advisory and Rating Services and Measures Taken to Prevent the Same
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	2023 Annual Report/Corporate Governance/Other Matters
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	2023 Annual Report/Sustainability/Corporate Social Responsibility
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Corporate Website/Investor Relations/Corporate Governance/Policies/Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	0
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Internal Audit and Control Group Director
The contact detail of the company alert mechanism	https://www.cates.com.tr/en/policy/code-of-ethics-and-working
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Corporate Website/Investor Relations/Corporate Governance/Policies/Human Resources Policy
Corporate bodies where employees are actually represented	In our workplaces where there is a union, there is a union representative elected among the workers by the Union Branch Board of Directors and in all other workplaces there is an employee representative.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The development of a succession plan for key management positions is subject to the approval of the board of directors and the process is included in the human resources policy.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Corporate Website/Investor Relations/Corporate Governance/Policies/Human Resources Policy/Recruitment Management
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Corporate Website/Investor Relations/Corporate Governance/Policies/Human Rights Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	0
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Corporate Website/Corporate Governance/Policies/Ethical Rules and Code of Conduct
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Corporate Website/Investor Relations/Corporate Governance/Policies/"Environmental Policy", "Sustainability Policy" and "General Environmental Procedure"
Any measures combating any kind of corruption including embezzlement and bribery	There is an Anti-Bribery and Anti-Corruption Policy
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	Each year, in the last week of the year, one-on-one meetings are held with the members of the Board of Directors to evaluate their overall performance.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Chairman Hamdi ALP, Board Member Ridvan Eşip AKDENİZ
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	None
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	2023 Annual Report/Corporate Governance/Assessment of the Board of Directors & 2023 Annual Report/Corporate Governance/Internal Audit and Control Activities
Name of the Chairman	Chairman of the Board of Directors Aydem Holding A.Ş. – real person representative Hamdi ALP
Name of the CEO	Hamdi ALP
If the CEO and Chair functions are combined; provide the link to the relevant PDP announcement providing the rationale for such combined roles	2023 will be included in the agenda of the Ordinary Board Meeting.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	There is an executive liability policy. The amount of the policy does not exceed 25% of the share capital due to the high capital of the Company.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Corporate Website/Investor Relations/Corporate Governance/Policies/Diversity Policy

Corporate Governance Information Form

The number and ratio of female directors within the Board of Directors	None
Composition of Board of Directors	
Name, Surname of Board Member	Aydem Holding A.Ş. - Hamdi Alp
Whether Executive Director Or Not	Executive
Whether Independent Director Or Not	Not Independent director
The First Election Date To Board	12.04.2023
Link To PDP Notification That Includes The Independence Declaration	
Whether the Independent Director Considered By The Nomination Committee	
Whether She/He Is the Director Who Ceased to Satisfy The Independence or Not	
Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not	Yes
Mehmet Asil Güllü	Enişhan Karayazı
Executive	Executive
Not Independent director	Not Independent director
26.06.2023	20.07.2023
Yes	No
Engin Kavas	Redvan Edip Akdeniz
Executive	Executive
Not Independent director	Not Independent director
20.07.2023	20.07.2023
No	No
4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	2023 Annual Report/Corporate Governance/Committees and Policies/Audit Committee
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	2023 Annual Report/Corporate Governance/Committees and Policies/Corporate Governance Committee
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	2023 Annual Report/Corporate Governance/Committees and Policies/Corporate Governance Committee
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	2023 Annual Report/Corporate Governance/Committees and Policies/Early Detection of Risk Committee
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	2023 Annual Report/Corporate Governance/Committees and Policies/Corporate Governance Committee
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	2023 Annual Report/Corporate Governance/Assessment of the Board of Directors
Specify the section of website where remuneration policy for executive and non-executive directors are presented	Corporate Website/Investor Relations/Corporate Governance/Policies/Compensation Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	2023 Annual Report/Corporate Governance/Financial Benefits Provided to Board Members and Senior Executives
Board Committees-II	
Names of Board Committees	-
Name of the Committee Indicated as "Other" in the First Column	-
Proportion of Non-Executive Directors	-
Ratio of Independent Members in the Committee	-
Number of Physical Meetings Held by the Committee	-
Number of Reports Submitted to the Board of Directors on the Activities of the Committee	-

Financial Rights Provided to Board Members and Senior Executives

The indexed total amount of financial rights provided to the Board Members and senior managers between 01.01.2023–31.12.2023 is 14.145.770 TL.

Internal Audit and Control Activities

The main purpose of the internal Audit function is to provide reasonable assurance in the risk management, control and governance processes designed and implemented by Çates Elektrik Üretim management that risks are properly identified and managed, business processes and transactions are in compliance with policies, procedures and relevant legislation, resources are used economically and efficiently and effectively protected within the Company's sustainability goals, and financial, managerial and operational information is kept available in an accurate, reliable and timely manner. In addition, the Internal Audit function oversees the proper definition, adequate and effective realization of the objectives related to compliance with the code of ethics and business principles defined within the company.

The Internal Audit function is an independent assurance function that reports its work to the Board of Directors and receives its authorization from the Company's Board of Directors. The Audit Plan, which is approved and implemented annually by the Board of Directors, is formed by risk-based categorization of the processes involving business activities that support the achievement of the Company's strategic goals. The results of the audit work carried out in accordance with the Audit Plan are periodically presented to the Board of Directors and relevant Management elements.

The Internal Audit Unit bases its work on International Standards on Internal Auditing and Internal Control Governance Frameworks and applies a risk-based audit methodology. In addition, it coordinates with the activities carried out by the independent audit. The audit process includes planning and preparation, fieldwork and reporting of audit results, as well as formal audit action follow-up procedures to verify the implementation of risk mitigating actions recommended by Internal Audit and agreed by Management.

At Çates Electricity Generation, Coal Supply and Logistics Audit, Power Plant Operation Audit and Overtime and Shift Management Audit were conducted in accordance with the 2023 Audit Plan.

Changes between the End of the Period and the Preparation of the Report

- ✓

In 2023, our Company realized a gross generation of 2,033 GWh, breaking the highest electricity generation record of the last 16 years. An annual minimum 500 thousand tons of coal supply contract was signed between our Company and the General Directorate of Turkish Hard Coal Authority (TTK) for the period between January 1, 2024 and December 31, 2026.
- ✓

Pursuant to Article 11th, 2nd and 4th paragraphs of the Corporate Governance Communiqué numbered (11-17.1) of the Capital Markets Board ("Communiqué"), Hüseyin Konur has started his duty as the Investor Relations Department Manager of our Company as of 08.01.2024.
- ✓

Within the scope of increasing the issued capital of our Company from TL 140,405,000 to TL 165,200,000 by increasing the nominal value of the shares offered for sale by TL 24,795,000 within the registered capital ceiling of TL 300,000,000 as a result of the public offering of our Company, the amendment text of Article 6 titled "Capital" of our Articles of Association was registered on 26.01.2024 and announced in the Turkish Trade Registry Gazette dated 30.01.2024 and numbered 11011.
- ✓

Mr. Mehmet Özülkü, who served as the Finance Director of our Company, resigned from his position as of April 1, 2024.

For more detailed information, please visit our Company's Investor Relations – Material Event Disclosures page or our Company's Public Disclosure Platform (KAP) page.

Amendments to the Articles of Association

In 2023, the Company's Articles of Association were amended to include compliance with capital markets legislation. The amendments made to the Articles of Association are presented below with a comparison of the old and new versions. The current version of our Articles of Association is available on the Public Disclosure Platform (KAP) and under the Corporate Governance heading on our Company's Investor Relations page.

ÇATES ELEKTRİK ÜRETİM ANONİM ŞİRKETİ	
AMENDMENT OF ARTICLES OF ASSOCIATION	
OLD FORM	NEW FORM
ESTABLISHMENT ARTICLE 1	ESTABLISHMENT ARTICLE 1
A Joint Stock Company has been established by the founder whose name, surname, title, place of residence and nationality are written below. Item NO 1 Name and Surname of the Founder: AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ	Aşağıdaki adı, soyadı, unvanı, yerleşim yeri ve uyruğu yazılı kurucu tarafından bir Anonim Şirket kurulmuş bulunmaktadır. Sıra No: 1 Kurucunun Adı ve Soyadı: AYDEM YENİLENEBİLİR ENERJİ ANONİM ŞİRKETİ

Address: ADALET MAHALLESİ HASAN GÖNÜLLÜ BLV. NO 15/1 MERKEZEFENDİ/DENİZLİ	Address: ADALET MAHALLESİ HASAN GÖNÜLLÜ BLV. NO 15/1 MERKEZEFENDİ/DENİZLİ
Nationality TURKEY	Nationality TURKEY
ID NO *****	ID NO *****
COMPANY TITLE	COMPANY TITLE
ARTICLE 2	ARTICLE 2
The title of the company is "ÇATES ELEKTRİK ÜRETİM ANONİM ŞİRKETİ".	The trade name of the Company is "Çates Electricity Generation ANONİM ŞİRKETİ".
PURPOSE AND SUBJECT	OBJECTIVES AND ACTIVITIES
ARTICLE 3	ARTICLE 3
In order to convert energy resources into electrical energy in accordance with the Electricity Market Law and the relevant secondary legislation, it is engaged in the establishment, commissioning, leasing, acquisition of electrical energy generation facilities, the establishment, commissioning, leasing, acquisition, acquisition of the operating rights of all kinds of facilities necessary for the provision of energy resources related to these facilities, the generation of electrical energy, the sale of the generated electrical energy and / or capacity in accordance with the applicable legislation.	The Company is engaged in the establishment, operation , commissioning, leasing of all types of electrical energy generation facilities, production of electrical energy, sale of the produced electrical energy and/or capacity to customers in accordance with the applicable legislation, and provision of engineering services for the conversion of all kinds of energy resources into electrical energy, provided that the Company obtains a license from the Energy Market Regulatory Authority when necessary.
In order to realize this purpose, the Company will operate in the following areas in accordance with the relevant legislation on the electricity market?	In order to realize this purpose, the Company shall carry out the following activities in accordance with the Turkish Commercial Code, capital markets legislation , relevant legislation on the electricity market and other relevant legislation :
1) To establish, commission, take over, lease, rent, lease out all kinds of facilities in order to generate electrical energy, to provide engineering, consultancy, survey, planning, project and feasibility services related to these facilities,	1) To establish, commission, take over, lease, operate , lease out all kinds of facilities in order to generate electrical energy, to provide engineering, consultancy, survey, planning, project and feasibility services related to these facilities,
2) To sign sales and operation right transfer contracts in order to take over the completed or to be completed facilities, to operate the facilities it has taken over, to make or have made the necessary rehabilitation and additional investments,	2) To sign sales and operation right transfer contracts in order to take over the completed or to be completed facilities, to operate the facilities it has taken over, to make or have made the necessary rehabilitation and additional investments,

3) To sell the generated electrical energy and/or capacity within the framework of the relevant legislation,	3) To sell the generated electrical energy and/or capacity within the framework of the relevant legislation,
4) To enter into a partnership relationship with the established or to be established electrical energy generation companies.	4) Without prejudice to the provisions of the Capital Markets Law on disguised profit transfer , entering into an affiliate relationship with established or to be established electric energy generation companies.
On the other hand, in order to realize the matters related to its purpose and subject matter, the Company may engage in the following activities, provided that they are limited to its purpose and subject matter;	On the other hand, in order to realize the matters related to its purpose and subject matter, the Company may engage in the following activities, provided that they are limited to its purpose and subject matter:
a) To open agencies, representative offices, branches and engage in marketing activities in relation to its fields of activity	a) To open agencies , representative offices, branches and to engage in marketing activities in relation to its fields of activity,
b) To lease, purchase and sell machinery and equipment in Turkey and abroad in relation to its fields of activity,	b) To lease, purchase and sell machinery and equipment in Turkey and abroad in relation to its fields of activity,
c) Facilities in relation to their fields of activity: To lease, take over, buy, sell and operate.	c) To obtain long, medium and short term, secured or unsecured loans and all kinds of other loans from domestic or foreign companies and banks for its own needs and for the purpose of obtaining financing , to enter into contracts of indebtedness, to sign the necessary contracts and bills of exchange as principal debtor, drawer , joint debtor, joint guarantor or in other capacities, to issue, accept and endorse all kinds of checks, policies, promissory notes ,
d) To acquire all kinds of movable and immovable property and vehicles in relation to its fields of activity, to operate them, to purchase, to sell, to buy, to take and give mortgages, to carry out all kinds of transactions related to real estate, such as settlement, division, abandonment, establishment of easement rights and similar transactions, to establish real rights in favor of and against the company,	d) To enter into agreements with domestic and/or foreign companies in relation to its fields of activity, to participate in tenders in Turkey and abroad and to make commitments,
e) To obtain long, medium and short-term loans from domestic or foreign companies and banks for its own needs, to be joint debtor and joint surety or only surety	e) To ensure the administration and technical organization of the existing or to be established companies in which it participates as a founder and in which it participates,

f) To enter into agreements with local and/or foreign companies in relation to its fields of activity, to enter into tenders and commitments in Turkey and abroad:-	f) Without prejudice to the provisions of the Capital Markets Law on disguised profit transfer , establishing and participating in domestic and foreign sole proprietorships, capital companies, ordinary companies, real persons and companies with foreign capital, ordinary partnerships and business partnerships related to its field of activity,
g) To ensure the administration and technical organization of the existing or to be established companies in which he participated as a founder and participated-	g) To purchase, sell, transfer shares and other securities similar to shares and other securities issued or to be issued by legal entities subject to private and public law, as well as all securities such as debt instruments, usufruct certificates and other capital market instruments, provided that they are not in the nature of investment services and activities regulated by the capital markets legislation, to pledge them as collateral, to establish usufruct rights on them or to benefit from their usufruct, or to make other legal dispositions in relation thereto, within the limitations and in compliance with the procedures in the legislation,
h) To establish foreign capital companies, ordinary partnerships and business partnerships with domestic and foreign individual companies, capital companies, ordinary companies and real persons related to its field of activity, and to participate in established partnerships,	h) To make industrial and commercial investments within its fields of activity,
i) To make industrial and commercial investments within its fields of activity,	i) To acquire, transfer and assign trademarks, patents , know how, patents, utility models, trademarks, industrial designs, trade names, models, goodwill and other industrial property rights in relation to its purpose and to make license agreements on them, to carry out research and development studies within the scope of this purpose,
j) To acquire, transfer and assign trademarks, patents, know-how and other industrial property rights in relation to its purpose and to make license agreements on them-	j) If it is deemed useful to carry out works other than those specified in the above articles, if the proposal of the board of directors is deemed appropriate by the general assembly, to obtain the necessary permissions from the Ministry of Trade, the Capital Markets Board and other relevant authorities and to carry out such commercial activities with the approval of the Energy Market Regulatory Authority,

<p>k) In order to secure its rights and receivables from third parties, to establish real rights such as pledges, commercial enterprise pledges, mortgages, mortgages on the right of superstructure, usufruct, participation, to assign, collateralize and cancel these rights.</p>	<p>k) To acquire, rent, lease, sell, transfer and assign all kinds of movable and immovable property in order to realize its purpose and subject, to register, annotate and annul its rights regarding movable and immovable properties before all kinds of authorities, including registries and title deeds; to make all kinds of dispositions on movable and immovable assets; movable pledge to be established on all kinds of movable and immovable assets in accordance with the Law on Movable Pledge in Commercial Transactions No. 6750 and the Turkish Civil Code No. 4721, movable pledge in commercial transactions, to make all kinds of savings, allocate or transfer the said assets to others, including establishing all kinds of mortgages and other guarantees and all kinds of real and personal rights; to receive all kinds of real or personal guarantees, sureties and guarantees, including those specified under this paragraph, on all kinds of movable and immovable assets of third parties, on behalf of itself or third parties, provided that it complies with the principles determined within the framework of Capital Market legislation; to give all kinds of guarantees and sureties; to show all kinds of guarantees for the debts of real and legal persons,</p>
<p>l) To enter into short and long term loan agreements for financing, to issue, accept and endorse all kinds of bills of exchange, policies, promissory notes, to establish and release pledges, commercial enterprise pledges, mortgages on the movables and immovables it owns; to make all kinds of loan requests from both domestic and foreign banks, to sign the necessary contracts and bills of exchange as principal debtor, drawer, joint debtor, joint surety or other capacities, to give all kinds of sureties and guarantees for the debts of real and legal persons with whom it has a partnership relationship (with whom it is a partner or who are partners with it), to give all kinds of sureties and guarantees for this purpose signing all contracts, letters of undertaking, bills of exchange and other documents required to be signed.</p>	<p>1) To carry out research, development, exploration and extraction activities related to all kinds of energy resources, including but not limited to wind, hydroelectricity, solar energy, geothermal, methane gas, biomass, landfill gas, tidal flow, to generate electricity; to make resource supply agreements related to these resources; to establish, operate, take over and purchase all kinds of facilities, provided that they are based on and not limited to these resources,</p>

<p>m) To carry out research, development, exploration, extraction activities related to wind, hydro-electricity, solar energy, geothermal, methane gas, bi-mass, landfill gas, mineral coal, lignite coal, natural gas, fuel oil and all kinds of energy resources, including but not limited to these - to make resource supply agreements related to these resources, to establish, operate, take over and purchase all kinds of facilities based on these resources,</p>	<p>m) Within the scope of the Mining Law No. 3213 and the Special Administration Law, to apply for all kinds of mining licenses (mine, coal, marble, lake water, geothermal, sand quarry) and to bind them to the license, to take over and lease all kinds of licenses, to obtain and, where necessary, to grant royalty licenses, to establish all kinds of quarries and enterprises related to mining, to become a partner in those already established, to take over, to purchase and to carry out and have carried out their contracting works, without prejudice to the provisions of the Capital Markets Law regarding the transfer of hidden income , To participate in all kinds of license tenders opened by the General Directorate of Mining and Petroleum Affairs , to open, operate, rent and lease coal quarries, to extract and manufacture all kinds of coal, to buy, sell, import and export, to make all kinds of commitments, to manufacture all kinds of machinery and equipment related to coal quarry operation and coal business, to operate quarries by purchasing, selling, importing, exporting, making royalty agreements, to take over or transfer all kinds of mining quarry licenses,</p>
<p>n) To apply for all kinds of mining licenses (mine, coal, marble, lake water, geothermal, geothermal, sand pit) that are licensed within the scope of the Mining Law No. 3213 and the Special Administration Law and to license them, to take over all kinds of licenses, to lease, to receive royalty and to grant when necessary, to operate, to establish all kinds of quarries and enterprises related to mining, to become a partner in those established, to take over, to purchase and to carry out and have their contracting works, to participate in all kinds of license tenders opened by the General Directorate of Mining Affairs, to open, operate, rent and lease coal quarries, to extract and manufacture all kinds of coal, to buy, sell, import and export, to make all kinds of commitments, to manufacture all kinds of machinery and equipment related to coal quarry operation and coal business, to purchase, sell, import and export machinery, to operate quarries by making royalty agreements, to take over or transfer all kinds of mining quarry licenses,</p>	<p>n) To undertake and construct all kinds of public and private constructions in Turkey and abroad, to carry out planning, project, consultancy and supervision services of all kinds of buildings, to prepare tender documents and specifications and to enter tenders,</p>

o) To undertake and construct all kinds of public and private constructions in Turkey and abroad, to carry out planning, project, consultancy and supervision services of all kinds of buildings, to prepare tender documents and specifications and to enter tenders:	o) To manufacture machinery related to its subject, to realize their purchase and sale , export and import , and to prepare all kinds of mechanical projects related to them, to provide consultancy and control services,
p) To manufacture, purchase, sell, export and import machinery related to its subject and to prepare all kinds of mechanical projects related to them, to provide consultancy and supervision services,	p) If it is deemed useful to carry out works other than those specified in the above articles, to carry out such commercial activities with the necessary permission and approval from the relevant authority if the proposal of the board of directors is deemed appropriate by the general assembly,
q) If it is deemed beneficial to carry out other business activities other than those mentioned above, to carry out such commercial activities with the necessary permission and approval from the relevant authority if the proposal of the board of directors is approved by the general assembly,	q) To buy back their own shares provided that they act in accordance with capital market legislation and other relevant legislation and make the necessary special case explanations,
	r) To make all kinds of donations and aids to all kinds of persons, institutions and organizations, including universities, educational institutions, foundations, public benefit associations and persons or institutions of this nature, in a way that does not disrupt its own purpose and subject, provided that it does not violate the hidden earnings transfer and other regulations of the capital market legislation, necessary special case explanations are made and the donations made during the year are presented to the partners in the general assembly. The annual upper limit of donations to be made is determined by the General Assembly, no donations exceeding this limit may be made in the same year and donations made are added to the distributable profit base. Regarding the amount of donations, in any case, the mandatory limits to be determined by the Capital Markets Board shall be complied with.

	The principles determined within the framework of capital markets legislation shall be complied with for the Company to provide guarantees, sureties, collaterals or to establish pledge rights including mortgages on its own behalf and in favor of third parties.
	In case of any change in the purpose and subject of the Company, the necessary permissions must be obtained from the Ministry of Trade and the Capital Markets Board.
	In the event that the matters set forth in this article differ from the regulations to be made by the Capital Markets Board in the future, the regulations to be made by the Capital Markets Board shall be complied with. In transactions that may affect the investment decisions of investors in terms of the business, transactions and activities carried out by the Company within the scope of this article, mandatory disclosures shall be made in accordance with the regulations of the Capital Markets Board regarding public disclosure in order to enlighten investors in accordance with the capital markets legislation.
COMPANY HEADQUARTER	COMPANY HEADQUARTER
ARTICLE 4	ARTICLE 4
The head office of the Company is located in YATAĞAN district of MUĞLA province. Address ŞAHİNLER MAHALLESİ ŞAHİNLER (KÜME EVLER) YATAĞAN TERMİK SAN. SİT. NO 259/1- YATAĞAN/MUĞLA In case of change of address, the new address shall be registered with the trade registry and announced in the Turkish Trade Registry Gazette. Notifications made to the registered and announced address shall be deemed to have been made to the company. For a company that has left its registered and announced address but has not registered its new address within the prescribed period, this shall be deemed as a ground for dissolution. The Company may open branches in Turkey and abroad.	The head office address of the company is Şahinler Mahallesi Şahinler (Küme Evler) Yatağan Termik San. Sit. NO 259/1 Yatağan/Muğla . In case of any change of address, the new address shall be registered with the trade registry and announced in the Turkish Trade Registry Gazette and also notified to the Ministry of Trade and the Capital Markets Board . Notifications made to the registered and announced address shall be deemed to have been made to the Company . For the Company which has left its registered and announced address but has not registered its new address in due time, this shall be deemed as a reason for termination . The Company may, by resolution of the Board of Directors , open branches and representative offices in Turkey and abroad, provided that the provisions of the Turkish Commercial Code and other relevant legislation are complied with and the Ministry of Commerce, the Capital Markets Board and the Energy Market Regulatory Authority are notified.

DURATION ARTICLE 5	DURATION OF THE COMPANY ARTICLE 5
The duration of the Company is unlimited from the date of its incorporation. This period may be extended or shortened by amending the articles of association.	The Company is established for an indefinite period.
CAPITAL ARTICLE 6	CAPITAL ARTICLE 6
<p>The Company has accepted the registered capital system in accordance with the provisions of the Capital Markets Law No. 6362 and has switched to the registered capital system with the permission of the Capital Markets Board dated 17/05/2023 and numbered 27/620.</p> <p>The registered capital ceiling of the Company is 300,000,000.00 (three hundred million) Turkish Liras (TL) and this capital is divided into 300,000,000,000 (three hundred million) registered shares with a nominal value of TL 1.00 (one) each.</p> <p>The authorized capital ceiling permission granted by the Capital Markets Board is valid for the years 2023-2027 (5 years). Even if by the end of 2027 the permitted registered capital ceiling has not been reached, in order for the board of directors to take a capital increase decision after 2027, it is obligatory to obtain authorization from the general assembly for a new period not exceeding five years by obtaining permission from the Capital Markets Board for the previously permitted ceiling or a new ceiling amount. In case the said authorization is not obtained, no capital increase can be made with the decision of the board of directors.</p> <p>The issued capital of the Company is TL 140,405,000.00 (one hundred and forty million four hundred and five thousand). All of this capital has been paid in cash and in full, free of collusion. The issued capital of the Company amounting to TL 140,405,000.00 is divided into 84,243,000 (eighty-four million two hundred and forty-three thousand) Class A registered shares with a nominal value of TL 1.00 (one) each and 56,162,000 (fifty-six million one hundred and sixty-two thousand) Class B registered shares with a nominal value of TL 1.00 (one) each.</p>	<p>The Company has accepted the registered capital system in accordance with the provisions of the Capital Markets Law No. 6362 and has switched to the registered capital system with the permission of the Capital Markets Board dated 17/05/2023 and numbered 27/620.</p> <p>The registered capital ceiling of the Company is 300,000,000.00 (three hundred million) Turkish Liras (TL) and this capital is divided into 300,000,000,000 (three hundred million) registered shares with a nominal value of TL 1.00 (one) each.</p> <p>The authorized capital ceiling permission granted by the Capital Markets Board is valid for the years 2023-2027 (5 years). Even if by the end of 2027 the permitted registered capital ceiling has not been reached, in order for the board of directors to take a capital increase decision after 2027, it is obligatory to obtain authorization from the general assembly for a new period not exceeding five years by obtaining permission from the Capital Markets Board for the previously permitted ceiling or a new ceiling amount. In case the said authorization is not obtained, no capital increase can be made with the decision of the board of directors.</p> <p>The issued capital of the Company is TL 165,200,000.00 (one hundred sixty-five million two hundred thousand). All of this capital has been paid in cash and in full, free of collusion. The issued capital of the Company amounting to TL 165,200,000.00 is divided into 84,243,000 (eighty-four million two hundred and forty-three thousand) Class A registered shares with a nominal value of TL 1.00 (one) each and 80,957,000 (eighty million nine hundred and fifty thousand) Class B registered shares with a nominal value of TL 1.00 (one) each.</p>

<p>Shares representing the issued capital are monitored in dematerialized form within the framework of dematerialization principles.</p> <p>Between the years 2023-2027 (until the end of 2027), the board of directors is authorized to take decisions on increasing the issued capital by issuing new shares up to the registered capital ceiling when it deems necessary in accordance with the provisions of the Capital Markets Law, restricting the rights of privileged shareholders and limiting the shareholders' right to purchase new shares, and issuing privileged or premium shares or shares below their nominal value. The authorization to restrict the right to acquire new shares may not be exercised in a way to cause inequality among shareholders.</p>	<p>Shares representing the issued capital are monitored in dematerialized form within the framework of dematerialization principles.</p> <p>Between the years 2023-2027 (until the end of 2027), the board of directors is authorized to take decisions on increasing the issued capital by issuing new shares up to the registered capital ceiling when it deems necessary in accordance with the provisions of the Capital Markets Law, restricting the rights of privileged shareholders and limiting the shareholders' right to purchase new shares, and issuing privileged or premium shares or shares below their nominal value. The authorization to restrict the right to acquire new shares may not be exercised in a way to cause inequality among shareholders.</p>
BOARD OF DIRECTORS AND ITS DURATION ARTICLE 7-	CAPITAL INCREASE AND DECREASE ARTICLE 7
<p>The affairs and administration of the Company shall be carried out by a Board of Directors consisting of at least 1 member and at most 9 members to be elected by the General Assembly in accordance with the Turkish Commercial Code. The term of the Board of Directors is between 1 - 3 years. The following were elected as the first members of the Board of Directors for a term of 3 years. AYDEM HOLDING ANONİM ŞİRKETİ has been elected as a Member of the Board of Directors.</p> <p>Address: ESENTEPE MAHALLESİ BÜYÜKDERE CAD NO-175/401 ŞİŞLİ/İSTANBUL</p> <p>On behalf of the legal entity; KORHAN TİRYAKI, Turkish Nationality 186*****74 Identity Number, residing at the address of İSTANBUL/SARIYER will act.</p> <p>Turkish national 155*****26 SERDAR MARANGOZ with ID No., residing in DENİZLİ / MERKEZEEENDİ, was elected as a Member of the Board of Directors.</p>	<p>The capital of the Company may be increased or decreased when necessary within the framework of the provisions of the Turkish Commercial Code and capital markets legislation.</p>

MEHMET GÖKAY, Turkish Citizen, ID No. 270*****16, residing at the address of DENİZLİ /MERKEZEEENDİ, has been elected as a member of the Board of Directors.	
The members of the Board of Directors are elected for a term of three (3) years, the members of the Board of Directors whose term of office expires may be re-elected, and the General Assembly may dismiss the members of the Board of Directors at any time if it deems necessary.	Bonus shares issued in capital increases are distributed to the existing shares on the date of the increase.
	Unless otherwise agreed in the capital increases to be made, Class A shares shall be issued in exchange for Class A shares and Class B shares shall be issued in exchange for Class B shares. In the initial public offering of the Company's shares, the board of directors is authorized to issue all shares to be issued within the scope of the capital increase by restricting the rights of all existing shareholders to purchase new shares from Group B and to offer all of these shares to the public.
MANAGEMENT AND REPRESENTATION OF THE COMPANY ARTICLE 8 The management and representation of the Company against outsiders belongs to the Board of Directors.	BOARD OF DIRECTORS ARTICLE 8 The affairs and administration of the Company shall be carried out by a Board of Directors consisting of at least five and at most nine members to be elected by the General Assembly in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Law and in compliance with the conditions specified in the Turkish Commercial Code and the capital markets legislation. Board members are not required to be shareholders. Legal entities may be elected to the board of directors. If a legal entity is elected as a member of the board of directors, only one real person designated by the legal entity on behalf of the legal entity shall be registered and announced together with the legal entity; in addition, the registration and announcement shall be announced on the company's website. Only the person so registered may attend and vote on behalf of the legal entity.
In order for all documents to be issued and agreements to be executed by the Company to be valid, they must bear the signature of the authorized person or persons authorized to sign by the Board of Directors and placed under the title of the Company . Management	Provided that the capital represented by Class A shares continues to represent at least 30% of the issued capital of the Company, two members of the board of directors if the board of directors consists of five members, three members if the board of directors consists of six or seven members, and four members if the board of directors consists of eight or nine members, shall be elected among the candidates nominated by the shareholders holding the majority of the capital represented by Class A shares. The members of the Board of Directors to be elected among the candidates nominated by the shareholders holding the majority of the capital represented by the aforementioned Group A shares shall be members other than the independent members specified in the Corporate Man. principles of the Capital Markets Board.

<p>The Board may delegate its representation authority to one or more executive directors or third parties as managers. At least one member of the Board of Directors must be authorized to represent. (TCC 370/2)</p> <p>The board of directors may be authorized to delegate the management, in whole or in part, to one or more members of the board of directors or to a third party in accordance with an internal directive to be issued by the board of directors. This internal directive regulates the management of the company; it defines the tasks necessary for this, indicates their location and, in particular, determines who reports to whom and who is obliged to provide information. The board of directors shall, upon request, inform the shareholders and creditors who convincingly demonstrate their interests worthy of protection, in writing, about this internal directive.(TCC.367)</p> <p>Board members are not required to be shareholders. Legal entities may be elected to the board of directors. Unless the notarized copy of the resolution showing the persons authorized to represent and their representation forms is registered and announced in the trade registry, the transfer of the management authority shall not be valid.</p>	<p>In the event that the capital represented by Class A shares does not continue to represent at least 30% of the issued capital of the Company, the above-mentioned privilege to nominate candidates to the board of directors will automatically cease to exist as of the moment the legal transaction giving rise to the aforementioned situation is realized. Furthermore, in the first general assembly meeting to be held upon the realization of this situation, these articles of association will be amended and share groups and references to share groups will be removed.</p>
	<p>A sufficient number of independent board members are elected to the board of directors by the general assembly within the framework of the principles regarding the independence of board members set forth in the Corporate Governance principles of the Capital Markets Board. Independent members must fulfill the conditions stipulated in the Capital Markets Board's regulations on Corporate Governance..</p>
AUDITORS ARTICLE 9	TERM OF OFFICE AND DISMISSAL OF BOARD MEMBERS ARTICLE 9
*GÜNEY BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK ANONİM ŞİRKETİ, whose head office address is MASLAK MAHALLESİ ESKİ BÜYÜKDERE CAD.ÖRJİN MASLAK İŞ MERKEZİ SİT-NO 27/57 SARIYER/İSTANBUL with Mersis No. ***** has been elected as auditor. Activity Dates 1.1.2021-31.12.2021	<p>Board members may be elected for a maximum of three years. Board members whose term of office expires may be re-elected.</p> <p>Regarding the terms of office of the independent members of the Board of Directors, the regulations of the Capital Markets Board on Corporate Governance and the provisions of these Articles of Association complied with.</p>

Auditors are obliged to perform the duties specified in the relevant legislation of the Turkish Commercial Code.	If deemed necessary, the General Assembly may dismiss the members of the Board of Directors at any time.
	In the event that one of the memberships becomes vacant for any reason or an independent member of the Board of Directors loses his/her independence, an appointment is made in accordance with the provisions of the Turkish Commercial Code and capital markets legislation and submitted to the approval of the first subsequent general assembly. The member whose election is approved by the General Assembly shall complete the remaining term of office of the member he/she was elected to replace. In the event of a vacancy, in place of the member of the board of directors elected by nomination of the shareholders holding the majority of the capital represented by Class A shares, the candidate jointly proposed by all of the members of the board of directors who continue to hold office among the members of the board of directors elected by nomination of the shareholders holding the majority of the capital represented by Class A shares shall be appointed with the approval of the board of directors.
	The Board of Directors may conclude contracts and other transactions exceeding its term of office.
AUTHORIZED TO REPRESENT, MODE OF REPRESENTATION AND DISTRIBUTION OF DUTIES	MEETINGS OF THE BOARD OF DIRECTORS AND MINUTES OF MEETINGS AND RESOLUTIONS
ARTICLE 10	ARTICLE 10
Authorized Persons and Form of Representation AYDEM HOLDİNG ANONİM ŞİRKETİ (Chairman of the Board of Directors, FIRST DEGREE AUTHORIZED SIGNATORY) located at ESENTEPE MAHALLESİ-BÜYÜKDERE CAD NO 175/101 ŞİŞLİ/İSTANBUL has been elected as the Authorized Representative until 28.5.2021. -- On behalf of the legal entity: KORHAN TIRYAKI, Turkish Nationality 186*****74 Identity Number, residing in İSTANBUL / SARIYER will act. Form of Authorization: (He is authorized to represent jointly with any of SERDAR MARANGOZ, MEHMET GÖKAY ÜSTÜN). Until 28.5.2021, SERDAR MARANGOZ (Vice Chairman of the Board of Directors, FIRST DEGREE SIGNATURE AUTHORIZED) with Turkish Nationality 155*****26 ID No., residing at DENİZLİ MERKEZEFENDİ address, is Authorized to Represent.	The provisions of the Turkish Commercial Code and the capital markets legislation shall apply with respect to the meeting and decision quorums at the meetings of the Board of Directors.

Form of Authorization : (AYDEM HOLDİNG ANONİM ŞİRKETİ (acting on behalf of the real person: KORHAN TIRYAKI), MEHMET GÖKAY ÜSTÜN) is authorized to jointly register with any of them; Until 28.5.2021, MEHMET GÖKAY ÜSTÜN (MEMBER OF THE BOARD OF DIRECTORS FIRST DEGREE AUTHORIZED SIGNATURE OFFICIAL), Turkish National ID No. 270*****46, residing at DENİZLİ MERKEZEFENDİ address, has been elected as Representative Authority. Form of Authorization (AYDEM HOLDİNG ANONİM ŞİRKETİ (Real person to act on behalf of KORHAN TIRYAKI), SERDAR MARANGOZ) is authorized to represent jointly with any of them;	
	Pursuant to the provisions of the Turkish Commercial Code, if none of the members of the board of directors requests a meeting to be held, and provided that the written approval of a sufficient number of members of the board of directors as stipulated in the Turkish Commercial Code, capital markets legislation and these articles of association is obtained for the proposal of one of the members of the board of directors written in the form of a resolution on a specific issue, the board of directors may take a decision.
	Those who have the right to attend the meetings of the Board of Directors of the Company may also attend these meetings electronically in accordance with Article 1527 of the Turkish Commercial Code. Pursuant to the provisions of the Communiqué on the Meetings to be held in Electronic Environment in Commercial Companies other than the General Assemblies of Joint Stock Companies, the Company may establish an Electronic Meeting System that will enable the right holders to participate and vote in these meetings electronically, or may purchase services from the systems established for this purpose. In the meetings to be held, it is ensured that the right holders can exercise their rights specified in the relevant legislation through the system established pursuant to this provision of the articles of association of the company or through the system from which support services will be procured, within the framework specified in the provisions of the Communiqué on Meetings to be Held Electronically in Commercial Companies other than the General Assemblies of Joint Stock Companies.

GENERAL ASSEMBLY ARTICLE 11- General Assemblies convene in ordinary and extraordinary meetings. The Ordinary General Assembly convenes within three months following the end of the Company's accounting period and at least once a year and the Extraordinary General Assembly convenes whenever and wherever required by the Company's business. In general assembly meetings, the voting rights of each shareholder are calculated by proportioning the sum of the nominal value of the shares held by him/her to the sum of the nominal value of the company's capital. Unless one of them objects, all shareholders or their representatives may convene as a general assembly and adopt resolutions as long as a quorum is present, without complying with the procedure regarding the call for the general assembly, without prejudice to the provisions regarding participation in the general assembly and the convening of general assembly meetings. In the general assembly convened without a call, an item may be added to the agenda by unanimous vote.	REPRESENTATION AND BINDING OF THE COMPANY ARTICLE 11 The management and representation of the Company against outsiders belongs to the Board of Directors. The Board of Directors performs the duties assigned to it pursuant to the Turkish Commercial Code, Capital Markets Law, other relevant legislation and these Articles of Association.
General Assembly meetings and the quorum for decisions and matters to be discussed in these meetings shall be convened at the Company's head office or at a convenient place in the city where the head office is located in accordance with the provisions of the Turkish Commercial Code. Right holders who have the right to attend the General Assembly meetings may also attend these meetings electronically in accordance with the provisions of the Turkish Commercial Code. Pursuant to the provisions of the Regulation on General Assembly Meetings of Joint Stock Companies to be held in Electronic Environment, the Company may establish an electronic general assembly system that will enable the right holders to participate in the general assembly meetings electronically, to express their opinions, to make suggestions and to vote, or may purchase services from systems established for this purpose.	In order for all kinds of documents and agreements to be issued on behalf of the Company and to put the Company under commitment to be valid, they must bear the signatures of the persons authorized to represent and bind the Company under the Company's title in accordance with Article 373 of the Turkish Commercial Code by a resolution of the Board of Directors . The Board of Directors is authorized to determine the persons authorized to sign on behalf of the Company and the limits of their signature authority. Pursuant to Article 370/2 of the Turkish Commercial Code, without prejudice to the duties and authorities that are not transferable by law, the Board of Directors may, upon a resolution, delegate the authority to represent the Company to one of the members of the Board of Directors with a single signature or to one or more executive directors or to third parties as managers. At least one member of the Board of Directors must be authorized to represent. Persons authorized to represent and their representation unless the decision showing the forms of representation is registered and announced in the trade registry, the transfer of representation authority shall not be valid.

	The limitation of the power of representation shall not be effective against third parties in good faith; however, the registered and announced limitations regarding the exclusive or joint exercise of the power of representation only for the affairs of the head office or a branch office shall be valid. The provisions of Articles 371, 374 and 375 of the Turkish Commercial Code are reserved. The board of directors is authorized to delegate its management powers and responsibilities , in whole or in part, to one or more members of the board of directors or to a third party in accordance with an internal directive to be issued within the framework of Article 367 of the Turkish Commercial Code . The authorizations of third parties to whom management authority is delegated in this manner shall be valid after the term of office of the board of directors is completed, until the new board of directors delegates authority in the same matter.
ANNOUNCEMENT ARTICLE 12	ATTENDANCE FEE AND REMUNERATION OF BOARD MEMBERS ARTICLE 12
Without prejudice to the provision of the fourth paragraph of Article 35 of the Turkish Commercial Code, the announcements of the Company shall be made at least fifteen days in advance in a newspaper published in the place where the headquarters of the Company is located. If the newspaper is not published in the locality, the announcement shall be made in the nearest newspaper. In accordance with Article 111 of the Turkish Commercial Code, the announcements regarding the convening of the General Assembly shall be made on all days except the announcement and meeting days	Pursuant to Article 394 of the Turkish Commercial Code, members of the board of directors may be paid attendance fees, salaries, bonuses, premiums and shares from the annual profit, provided that these are determined by a resolution of the general assembly. The provisions of the Capital Markets Law and related legislation regarding the remuneration of independent board members are reserved.
ACCOUNTING PERIOD ARTICLE 13-	DUTIES OF THE BOARD OF DIRECTORS AND COMMITTEES AND AUTHORITIES ARTICLE 13
The fiscal year of the company is January 1 day and ends on the 31st day of December. However, the first accounting year begins on the date of the final incorporation of the company and ends on December 31st of that year.	The Board of Directors is authorized to take decisions on all kinds of business and transactions that are necessary within the scope of the Company's purpose and activities, except for those that are left to the authority of the General Assembly pursuant to the Turkish Commercial Code and these Articles of Association.

	<p>The provisions of the relevant legislation shall apply to the formation, duties and working principles of the committees that the Board of Directors is obliged to establish within the scope of the Capital Markets Law, the regulations of the Capital Markets Board regarding Corporate Governance and the Turkish Commercial Code and the relevant legislation, and their relations with the Board of Directors. In order to ensure that the board of directors fulfills its duties and responsibilities in a healthy manner, the board of directors establishes committees including the Early Detection of Risk Committee, Audit Committee, Corporate Governance Committee, Nomination Committee and Remuneration Committee, as well as other committees required by law or deemed appropriate by the board of directors. However, if a separate Nomination Committee and Remuneration Committee cannot be established due to the structure of the Board of Directors, the Corporate Governance Committee fulfills the duties of these committees. The formation of the committees, their duties, working principles and the members of the committees are determined and disclosed to the public by the Board of Directors in accordance with the provisions of the Turkish Commercial Code, Capital Markets Law, Capital Markets Board's regulations on Corporate Governance and other relevant legislation. All members of the Audit Committee and the chairmen of the other committees must be elected among the independent board members.</p>
<p>DETERMINATION AND DISTRIBUTION OF PROFIT</p> <p>ARTICLE 14</p>	<p>INDEPENDENT AUDIT</p> <p>ARTICLE 14</p>
<p>The company's profit for the period is the amount remaining after deducting all kinds of expenses incurred. 5% of the net profit for the period is set aside as the general legal reserve until it reaches 20% of the paid-in capital; 5% of the remaining amount is distributed to the shareholders as the profit share, the profit share is calculated in proportion to the payments made by the shareholder to the company for the main capital share. The remaining part of the net profit for the period shall be distributed in the manner and manner to be determined by the General Assembly. Persons who will receive a share of the profit after 5% dividend is paid to the shareholders 10% of the total amount to be distributed is added to the general legal reserves.</p>	<p>The provisions of the Turkish Commercial Code, the Capital Markets Law and the relevant legislation shall apply to the audit of the Company and other matters stipulated in the legislation.</p>

<p>The date and manner of distribution of the annual profit to the shareholders shall be decided by the General Assembly upon the proposal of the Board of Directors. The General Assembly is authorized to decide to distribute advance dividends in compliance with the provisions of the Communiqué on the Distribution of Advance Dividends issued by the Ministry of Customs and Trade.</p>	
<p>RESERVE</p> <p>ARTICLE 15</p>	<p>GENERAL ASSEMBLY AND MEETINGS</p> <p>ARTICLE 15</p>
<p>The provisions of Articles 510 to 523 of the Turkish Commercial Code shall apply to the reserves set aside by the Company.</p>	<p>The General Assembly of the Company convenes in ordinary and extraordinary meetings.</p> <p>The following principles shall be applied in the said general assembly meetings:</p> <p>a. Invitation Form: Notifications regarding general assembly meetings are made in accordance with the provisions of the Turkish Commercial Code and capital markets legislation. In addition to the procedures stipulated in the legislation, the announcement of the general assembly meeting shall be made at least three weeks prior to the date of the general assembly meeting, excluding the announcement and meeting days, by using all means of communication including electronic communication. The said announcement shall be published on the Company's website, Public Disclosure Platform and other places determined by the Capital Markets Board and in the Turkish Trade Registry Gazette. In addition to the notifications and disclosures that the Company is required to make pursuant to the legislation, the issues determined by the Corporate Governance regulations of the Capital Markets Board are announced to the shareholders in a conspicuous manner on the Company's website together with the announcement of the general assembly meeting.</p> <p>b. Meeting Time Ordinary general assembly meetings shall be held within three months following the end of the relevant accounting period of the Company and at least once a year. Extraordinary General business.</p>
	<p>c. Meeting Location: General Assembly meetings may be held at the Company's headquarters or at a convenient place in the city where the headquarters is located or, in accordance with the decision to be taken by the Company's Board of Directors, only in any of the provinces of Denizli, Muğla, İstanbul or İzmir.</p>

	<p>d. Voting and Proxy Designation: Each share has one vote. When voting, the provisions of the Turkish Commercial Code, Capital Markets Law and other relevant legislation shall be complied with.</p> <p>Shareholders may have themselves represented at the General Assembly meetings by other shareholders or by proxy appointed from outside. Proxies who are shareholders in the Company are authorized to use the votes of the shareholders they represent in addition to their own votes. The regulations of the Capital Markets Board regarding proxy voting shall be complied with.</p> <p>Shares are indivisible against the Company. If there is more than one holder of a share, they may exercise their rights against the Company only through a jointly appointed proxy. Unless they appoint a joint attorney, notices to be served by the Company to one of them shall be valid for all of them.</p>
	<p>e. Conduct of Deliberations and Quorum: In the general assembly meetings of the Company, the agenda determined within the framework of the Turkish Commercial Code and capital markets legislation is discussed and necessary decisions are taken. Without prejudice to Article 438 of the Turkish Commercial Code and Article 29 of the Capital Markets Law, matters not included in the agenda cannot be discussed and resolved.</p> <p>In the general assembly meetings, the provisions of the capital markets legislation and the regulations of the Capital Markets Board's Corporate Governance principles and the provisions of the Turkish Commercial Code shall be complied with in the meeting and decision quorums.</p> <p>Provided that the quorums stipulated in the Capital Markets Law and the Turkish Commercial Code are maintained, the general assembly of the Company may resolve on the following matters and on amendments to the articles of association that fall within the scope of these matters the affirmative vote of the shareholders holding the majority of the capital represented by Class A shares is also required for the approval of the Board of Directors:</p>

	<p>Approval of the budget.</p> <p>Amendment of the articles of association, except for capital increases to be made according to the registered capital system.</p> <p>Changing the company's field of activity, entering into new lines of business or abandoning existing lines of business.</p> <p>Capital increase, liquidation, dissolution, termination, capital decrease, change of type of the Company, except for capital increases to be made according to the registered capital system.</p> <p>Bankruptcy, concordat, application for financial restructuring within the scope of Article 309/mth of the Execution and Bankruptcy Law No. 2004.</p> <p>Transfer of all or part of the company's commercial enterprise.</p>
	<p>In the event that the capital represented by Class A shares does not continue to represent at least 30% of the issued capital of the Company, the requirement for the affirmative vote of the shareholders holding the majority of the capital represented by Class A shares in relation to the aforementioned matters will automatically cease to exist as soon as the legal transaction giving rise to the aforementioned situation is realized. In addition, upon the realization of this situation, this article of the articles of association will be amended and the relevant provisions will be removed at the first general assembly meeting to be held.</p>
	<p>f. Procedure of Meetings and Internal Regulations: The functioning of the general assembly meetings shall be regulated by an internal directive. The provisions of the Turkish Commercial Code, capital markets legislation, these Articles of Association and the Company's Internal Directive on the Working Principles and Procedures of the General Assembly shall apply to the General Assembly meetings.</p>

	<p>g. Electronic General Assembly: Those who have the right to attend the general assembly meetings of the Company may also attend these meetings electronically in accordance with Article 1527 of the Turkish Commercial Code. Pursuant to the provisions of the Regulation on General Assembly Meetings of Joint Stock Companies to be held in Electronic Environment, the Company may establish an electronic general assembly system that will enable the right holders to participate in the general assembly meetings electronically, to express their opinions, to make suggestions and to vote, or may benefit from the systems established for this purpose by purchasing services. In all general assembly meetings to be held, it is ensured that the right holders and their representatives can exercise their rights specified in the provisions of the Regulation on General Assemblies to be held in Electronic Environment in Joint Stock Companies through the system established pursuant to this provision of the Articles of Association.</p>
LEGAL PROVISIONS ARTICLE 16	ANNOUNCEMENT
	ARTICLE 16
About matters not included in these articles of association and The provisions of the Turkish Commercial Code shall apply. No provision of these Articles of Association may be interpreted and applied in violation of the Electricity Market Law No. 6446 and the relevant legislation on the electricity market.	<p>Matters that are required by law to be announced by the Company shall be announced in accordance with the relevant provisions of the Turkish Commercial Code and the Capital Markets Law and the provisions of the regulations, communiqués and other relevant legislation issued within the framework of these laws, provided that the specified periods are complied with. Matters for which no place of announcement is specified in the regulations shall be announced on the Company's website.</p> <p>Material event disclosures to be made in accordance with the regulations of the Capital Markets Board and all kinds of disclosures to be made by the Board are made in a timely manner in accordance with the relevant legislation.</p>
	ACCOUNTING PERIOD
	ARTICLE 17
	The accounting period of the Company starts on the first day of January and ends on the last day of December. However, the first accounting year shall commence on the date of the final establishment of the company and end on the last day of December of that year .

	In accordance with the provisions of the Turkish Commercial Code regarding commercial books, the annual balance sheet and profit and loss statements will be prepared in accordance with the regulations determined by the Turkish Public Oversight Board and the Capital Markets Board.
	DETERMINATION AND DISTRIBUTION OF PROFIT
	ARTICLE 18
	<p>The net profit for the period, as shown in the annual balance sheet and remaining after deducting the amounts that are obligatory to be paid and set aside by the Company, such as general expenses of the Company and various depreciation, and the taxes that are obligatory to be paid by the legal entity of the Company, from the revenues determined at the end of the Company's activity period, and the amount remaining after deducting the losses of previous years, if any, shall be distributed in the following order and principles:</p> <ol style="list-style-type: none"> 5% is set aside as legal reserves until it reaches twenty percent of the issued capital. First dividend is allocated from the remaining amount, over the amount to be found by adding the amount of donations made during the year, if any, in accordance with the Turkish Commercial Code and capital markets legislation within the framework of the Company's profit distribution policy. After the above-mentioned deductions are made, the general assembly has the right to decide on the distribution of dividends to the members of the board of directors, employees of the Company and persons and institutions other than shareholders. The General Assembly is authorized to distribute the amount remaining after deducting the amounts specified in subparagraphs (a), (b) and (c) from the net profit for the period, in whole or in part, as second dividend or to set aside as voluntary reserves in accordance with Article 521 of the Turkish Commercial Code.

	<p>e. In accordance with the second paragraph of Article 519 of the Turkish Commercial Code, 10% of the amount found after deducting a dividend of 5% of the capital from the amount decided to be distributed to shareholders and other persons participating in the profit, is added to the general legal reserve fund.</p> <p>f. Unless the reserves required to be set aside in accordance with the Turkish Commercial Code and the dividend determined for the shareholders in the articles of association or dividend distribution policy are set aside, no decision can be made to set aside other reserves, to transfer profits to the following year and to distribute dividends to the members of the board of directors, employees of the partnership and persons and institutions other than shareholders, and no dividend can be distributed to these persons unless the dividend determined for the shareholders is paid in cash.</p>
	<p>Dividends are distributed equally to all existing shares as of the distribution date, regardless of their issue and acquisition dates.</p> <p>The General Assembly will decide how and how much of this profit will be distributed, taking into consideration the Company's financial situation, initiatives and investments, the relevant regulations of the Capital Markets Board and the proposal of the Board of Directors. The method and time of distribution of the profit decided to be distributed shall be decided by the general assembly upon the proposal of the board of directors on this matter.</p> <p>The dividend distribution decision made by the General Assembly in accordance with the provisions of these Articles of Association cannot be revoked unless permitted by law.</p>
	<p>DIVIDEND ADVANCE</p> <p>ARTICLE 19</p>
	<p>The General Assembly may resolve to distribute advance dividends to shareholders in accordance with the provisions of the Capital Markets Law and other relevant legislation. The provisions of the relevant legislation shall be complied with in the calculation and distribution of the advance dividend amount. For this purpose, the board of directors may be authorized by a resolution of the general assembly limited to the relevant accounting period.</p>

	<p>LEGAL PROVISIONS</p> <p>ARTICLE 20</p>
	<p>The provisions of the Turkish Commercial Code, the Capital Markets Law, capital markets legislation and other relevant legislation shall apply to matters not provided for in these Articles of Association.</p>
	<p>AMENDMENTS TO THE ARTICLES OF ASSOCIATION</p> <p>ARTICLE 21</p>
	<p>All amendments to the Articles of Association require the prior approval of the Capital Markets Board and the permission of the Ministry of Trade.</p> <p>It is mandatory to obtain the approval of the Energy Market Regulatory Authority for the amendments to the articles of association regarding the amendments to the articles of association regarding the reduction of the Company's capital amount and the provision that the type and shareholding structure of the Company's share certificates cannot be changed during the pre-license period and until the generation license is obtained.</p> <p>After obtaining the generation license, the approval of the Energy Market Regulatory Authority is mandatory for amendments to the articles of association of the Company regarding mergers and demergers and provisions regarding the reduction of the capital amount.</p> <p>After obtaining the approval of the Capital Markets Board and the permission of the Ministry of Trade of the Republic of Turkey and, if necessary, the approval of the Energy Market Regulatory Authority, the General Assembly to be called in accordance with the provisions of the Turkish Commercial Code, the Capital Markets Law and these Articles of Association shall decide on the amendment of the Articles of Association within the framework of the provisions of the Turkish Commercial Code, the Capital Markets Law and the relevant legislation and the provisions set forth in these Articles of Association. Amendments to the articles of association shall become effective against third parties upon registration.</p> <p>In case the amendment to the articles of association violates the rights of privileged shareholders,</p>

	The General Assembly resolution is approved by the special committee of privileged shareholders.
	PRESENCE OF A MINISTRY REPRESENTATIVE AT THE MEETING ARTICLE 22
	The provisions of the Turkish Commercial Code and the relevant provisions of the Regulation on the Procedures and Principles of the General Assembly Meetings of Joint Stock Companies and the Representatives of the Ministry of Customs and Trade to be Present at these Meetings shall apply for the appointment of the ministry representative representing the Ministry of Trade at the ordinary and extraordinary general assembly meetings of the Company.
	MERGER AND DEMERGER PROVISIONS ARTICLE 23
	In the event that the legal entity holding a generation license wishes to merge with all its assets and liabilities within its own or another legal entity or wishes to be fully or partially divided, the approval of the Capital Markets Board and the Energy Market Regulatory Authority must be obtained before the merger or division transaction is carried out. If the merger or demerger is not completed within six months from the date of authorization, the authorization shall be null and void. In this case, merger transactions cannot be continued without obtaining permission again with the decision of the Capital Markets Board and the Energy Market Regulatory Authority. Merger or demerger transactions are carried out in accordance with the Electricity Market Legislation, Turkish Commercial Code and capital markets legislation and other relevant legislation.
	TRANSFER OF SHARES AND SHARE CERTIFICATES ARTICLE 24
	During the pre-license period and until the generation license is obtained, no direct or indirect change in the shareholding structure of the Company, transfer of shares or share certificates, or transactions and transactions that will result in the transfer of shares or share certificates may be carried out, except for the exceptions specified in the Electricity Market License Regulation.

	After obtaining a generation license, the Company is obliged to notify the Energy Market Regulatory Authority of any direct and/or indirect changes in its shareholding structure within six months from the date of the change.
	TYPE OF SHARE CERTIFICATES ARTICLE 25
	All of the Company's shares, except for those traded on the stock exchange in accordance with the capital markets legislation, are registered shares. The Company may not issue bearer share certificates except those to be issued for trading on the stock exchange.
	TERMINATION AND LIQUIDATION OF THE COMPANY ARTICLE 26
	The provisions of the Turkish Commercial Code, capital markets legislation and other relevant legislation shall apply to the termination and liquidation of the Company and how the related transactions shall be carried out.
	ISSUANCE OF CAPITAL MARKET INSTRUMENTS ARTICLE 27
	The Company may issue all kinds of capital market instruments in accordance with the provisions of the Turkish Commercial Code, the Capital Markets Law and other applicable legislation for sale to real and legal persons in Turkey and abroad. The Company's Board of Directors is authorized to issue bonds, commercial papers and other capital market instruments that are in the nature of debt instruments and other capital market instruments determined by the Capital Markets Board to be in the nature of debt instruments within the framework of the relevant article of the Capital Markets Law and the relevant capital markets legislation.
	PUBLIC DISCLOSURE ARTICLE 28

	<p>The Company fulfills its obligations to provide information to the Capital Markets Board in accordance with the procedures and principles set forth in the capital markets legislation and to disclose the financial statements and reports and independent audit reports stipulated in the legislation to the public in accordance with the regulations stipulated by the Capital Markets Board.</p> <p>The Company's announcements, material event disclosures and all kinds of disclosures stipulated by the Capital Markets Board shall be made in compliance with the regulations and deadlines stipulated in the Turkish Commercial Code and capital markets legislation.</p>
	<p>COMPLIANCE WITH Corporate Governance PRINCIPLES ARTICLE 29</p>
	<p>Corporate Governance principles required by the Capital Markets Board are complied with. Transactions and decisions of the Board of Directors taken without complying with the mandatory Corporate Man. principles are invalid and deemed to be contrary to these Articles of Association.</p> <p>The regulations of the Capital Markets Board on Corporate Governance shall be complied with in transactions deemed to be material in terms of the application of Corporate Governance principles and in the Company's material related party transactions and in transactions regarding the provision of guarantees, pledges and mortgages in favor of third parties.</p>

Legislative Amendments in 2023

The Company became subject to the CMB legislation upon its public offering.

Information on Lawsuits Filed Against the Company that May Affect the Financial Position and Activities of the Company and Their Possible Results

In the last 12 months, the Company has had a significant impact on the financial position or profitability of the Company and may have an impact on the financial position or profitability of the Company in the following periods; There are 2 lawsuits in which the Company is a plaintiff with a total amount of TL 206.712,33 for the time being and 240 lawsuits in which the Company is a defendant with a total amount of TL 13.225.764,64 as of December 31, 2023. There are no files with a claimant or defendant with a case value over TL 1 million. The Company's request for deferment / postponement of tax debts for the period of June 2023 has been accepted on September 18, 2023 and the said debt amount will be paid in 2 equal installments with postponement interest at the end of September and October. The installment for September has been paid and the second installment will be paid on due date. The Company has two lawsuits filed with the tax authorities regarding (i) the cancellation of the transaction to reduce the amount of VAT carried forward to the following period and (ii) the cancellation of the transaction to reduce the amount of tax losses carried forward to the following years. The Company has made the tax payments with a reservation regarding the above-mentioned cases, and if these cases result in a negative outcome, there will be no additional risk to the Company, there is no tax penalty imposed on the Company as of the date of this prospectus, and there are no administrative sanctions that may adversely affect the future of the Company.

The administrative sanction imposed by the Ministry of Environment on the Company dated 05.10.2021 was due to the fact that the calibration functions used in the calculations in the SEÖS devices in the Ministry Continuous Monitoring Center ("SIM") system were not up-to-date, and due to the problem in the system, it was determined that the emission values in the Company's 1st Unit were above the values determined in the legislation, although the calibration problem in the system was discussed and resolved with the SIM officials, administrative sanctions were imposed on the Company, and a lawsuit numbered 2021/1054 was filed by the Company in the Zonguldak Administrative Court on 05 November 2021 for the cancellation of the administrative sanction, and it was decided to accept the lawsuit in favor of the Company in the first instance court, the file was subjected to an appeal review and the lawsuit was concluded in favor of the Company.

There are lawsuits for the cancellation of the transaction to restrict the financing costs/expenses for the year 2022, calculated over the foreign resources used by the Company before 2021, and as a result, to reduce the amount of "financial losses that can be offset to subsequent years" from 2022 by TL 35,851,552.38. The Company filed tax lawsuits within the statutory period after filing its tax returns with reservations. Detailed information regarding these tax lawsuits to which the Company is a party has been shared above. If these lawsuits are concluded in favor of the Company, the Company will collect the overpaid taxes with deferred interest and this will have a positive impact on the Company's financials. In the other case, i.e. if the lawsuits are concluded against the Company, the Company will not make additional tax payments and this will not have a negative impact on the Company's financials, in addition, there are no administrative sanctions that may adversely affect the Company's future.

Explanations on Administrative or Judicial Sanctions Imposed on the Company and the Members of the Governing Body Due to Practices Contrary to the Provisions of the Legislation

In 2023, there were no administrative or judicial sanctions due to violation of legislation.

Information on Own Shares Acquired by the Company

None..

Information on Privileged Shares

Aydem Holding AŞ, the indirect controlling shareholder of the Company, also holds privileged Group A registered shares of the Company and Group A shareholders have the privileges recognized in the Articles of Association, which are explained in detail in section 19.3 of this prospectus, regarding the nomination of candidates for the election of board members and the inability to take certain decisions in general assembly meetings without the affirmative vote of shareholders holding the majority of the capital represented by Group A shares.

The Company has accepted the registered capital system in accordance with the provisions of the CML and the Board has approved the Company's application for transition to the registered capital system with its letter dated 09.06.2023 and numbered E-29833736-110.03.03-38470.

Following the Board's letter dated 09.06.2023 and numbered E-29833736-110.03.03-38470 and the Turkish Ministry of Trade's approval letter dated 09.06.2023 and numbered E-50035491-431.02-00086814005, the relevant amendment to the Articles of Association was registered on 12.07.2023 and the Company switched to the registered capital system.

The Company's authorized capital ceiling is TL 300,000,000 and its issued capital is TL 165,200,000. The current share group structure of the Company is as follows:

Group	Registered / Bearer	Type of concessions	Nominal Value (TL)	Total (TL)	Ratio to Capital (%)
A	Registered	Privilege to nominate candidates for election of board members Veto Right in Matters Requiring Aggravated General Assembly Resolution Quorum	1.00	84,243.000	50,99
B		It has no privileges.	1.00	80,957.000	49,01
Total				165,200.000	100,00

Class A shares have two types of privileges, including the right to nominate candidates for the election of board members and the inability to adopt certain resolutions at general assembly meetings (Matters Requiring Aggravated General Assembly Quorum) without the affirmative vote of shareholders holding the majority of the capital represented by Class A shares. The explanation regarding these privileges is provided in section 21.15 of the prospectus.

Rating Notes

Credit Ratings

The credit ratings of our Company in 2023 are given below:

JCR EURASIA RATING (30.05.2022)

Long Term International Foreign Currency Rating BB- / (Stable Outlook)

Long Term International Local Currency Rating BB- / (Stable Outlook)

Long Term National Rating BBB- (tr) / (Stable Outlook)

Short Term National Rating J2 (tr) / (Stable Outlook)

Donations and Grants

As of the reporting period (January 1, 2023 - December 31, 2023), a total of TL A.588.324 was donated to various institutions and organizations within the framework of donations and grants and social responsibility projects.

Other Considerations

If an Extraordinary General Assembly Meeting was held during the year, Information on the Extraordinary General Assembly, including the date of the meeting, the decisions taken at the meeting and the actions taken in relation to the meeting:

On 27.01.2023, an extraordinary general assembly meeting was held regarding the capital increase. The Company's capital was increased from TL 85,000,000 to TL 140,405,000. The increased capital of TL 54,965,000 was fully covered by capital advances.

On 06.07.2023, an extraordinary general assembly meeting was held regarding the amendment of the articles of association. It has been decided to amend articles 3, 4, 5, 6, 7, 8, 9,10,11,12,13,14,15,16 of the current articles of association of the company and to add articles 17, 18,19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29 to the articles of association.

On 20.07.2023, an extraordinary general assembly meeting was held regarding the appointment of the board member. In addition to the existing board members; Rıdvan Edip AKDENİZ, Emirhan KARAYAY and Engin KAVAS were elected as board members.

On 09.08.2023, an extraordinary general assembly meeting was held regarding the determination of the independent audit company. Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ has been selected as the independent audit firm.

Information on Conflicts of Interest between the Company and Institutions Providing Services such as Investment Advisory and Rating Services and Measures Taken to Prevent These Conflicts:
None

Information on the Transactions of the Members of the Governing Body with the Company on Their Own Behalf or on Behalf of Others within the Framework of the Permission Granted by the General Assembly of the Company and Their Activities within the Scope of Prohibition of Competition:

Permission is obtained from the General Assembly for the members of the Board of Directors to perform the transactions stipulated in Articles 395 and 396 of the TCC, except for the transactions prohibited by the TCC. According to the information provided by Çates Elektrik Üretim AŞ, the members of the Board of Directors did not engage in any commercial activities on their own behalf or on behalf of others in the areas that fall within the scope of the Company's field of activity during the accounting period 01.01.2023-31.12.2023.

Insolvency:

The financial statements of the Company have been prepared on a going concern basis.

There are no developments related to insolvency after the reporting date, indicating that there is no uncertainty that may cast doubt on the entity's ability to continue as a going concern.

The average collection period of the Company's trade receivables from electricity sales is 45 days and the Company's high collection capability creates an advantage in terms of timely payment of short-term liabilities. Therefore, the Company does not have any financing requirement to fund its working capital.

The Company has made an assessment of the sustainability of its operations and has concluded that the Company has sufficient resources to continue its operations for the foreseeable future, taking into account its capacity to generate revenue, profit and liquidity. The Company management believes that there are no uncertainties that cast doubt on the sustainability of the Company's operations and has prepared its standalone financial statements on the assumption that the Company will continue in operation for the foreseeable future.

Analysis:

The Board of Directors evaluated the results and plans for the operating period ended December 31, 2023 and determined that the targets were largely achieved. The Company completed the accounting period ended December 31, 2023 with a net profit of TL 1.521.440.284. As of December 31, 2023, there is accumulated retained earnings amounting to TL 3.586.886.039. On the other hand, the Company generated operating profit amounting to TL 979,485,536 and generated cash from operating activities amounting to TL 1,748,513,476.

The Company generated earnings before interest, tax, depreciation and amortization ("EBITDA") amounting to TL 1,677,741,149.

The Company generates electricity sales revenues and collects them in 45 days on average. On the other hand, all payables payable within one year are included in current liabilities. The high turnover rate of the Company's receivables provides an advantage in terms of timely payment of short-term liabilities.

Explanations on the Group's Internal Audit and Risk Management Systems Regarding the Preparation of the Unconsolidated Financial Statements:

The stand-alone financial statements are prepared in accordance with the Capital Markets Board ("CMB") Communiqué No. 11-14.1 numbered "Communiqué on the Principles of Financial Reporting in Capital Markets" of the Capital Markets Board ("CMB") and in accordance with the Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") and in accordance with the 2022 TFRS Taxonomy, the presentation principles of which were developed by POA based on paragraph (b) of Article 9 of the Decree Law No. 660 and determined and announced to the public with the decision of POA dated October 4, 2022.

Information and Assessments on Whether the Targets Set in the Previous Periods were Achieved, Whether the Resolutions of the General Assembly were Fulfilled, and the Reasons for Failure to Achieve or Failure to Fulfill the Resolutions:

There are no agenda items that have not been fulfilled in accordance with the agenda items within the scope of the ordinary general assembly meeting.

Information on Mutual Subsidiaries with Direct Participation Rate Exceeding 5%:

None.

In the event that the Capital of a Capital Company in which we hold, directly or indirectly, five, ten, twenty, twenty-five, thirty-three, fifty, sixty-seven or one hundred percent of the shares, the ratio of the shares we hold falls below or rises above these ratios, this situation and its justification:

None.

Information on the Shares of the Enterprises Included in the Company in the Capital of the Parent Company:

The entities included in the Company do not have a share in the capital of the parent company.

Other Rights

None.

Additional Information:

None.

FINANCIAL POSITION AND RISK MANAGEMENT



Information on Risk Management Practices

Risk Management

The Company may be exposed to the following risks depending on the use of financial instruments.

Credit risk is the risk that a customer or counterparty will not fulfill its contractual obligations and arises primarily from customer receivables.

Liquidity Risk is the risk that the Company will be unable to meet its future financial obligations. The Company's liquidity risk is managed by obtaining adequate financing facilities from various financial institutions in a manner that will not cause the Company any loss or damage its reputation in order to fund its current and prospective debt requirements under normal conditions or in times of crisis.

Market risk is the risk that changes in the money market, such as foreign exchange rates, interest rates or the prices of instruments traded on securities markets, will affect the Company's income or the value of its holdings of financial assets. Market risk management aims to optimize returns while controlling market risk exposure within acceptable limits.

Operational Risk refers to risks arising from the structure of the business such as Personnel Risk, Legal Risks, Technological Risks, Organization Risk and Production Risk.

Early Detection and Management of Risk Activities

Our Company has analyzed and evaluated all possible risks and has taken all necessary measures to avoid any negative consequences or to eliminate them with minimal damage.

Risks to be Encountered by the Company

A) Risks related to the Company and its activities:
Activities carried out during the operation of the Company's existing power plant, disruptions or negativities that may occur during the fulfillment of responsibilities related to the health and safety of the public and employees and the environment may adversely affect the Company's operations.

Plant operation, maintenance and refurbishment carry significant risks that can lead to unexpected power outages, reduced efficiency and unexpected capital expenditures.

The Company's operations are dependent on the relationship it maintains with its suppliers and non-renewal of the contracts concluded for the supply of coal to the Power Plant may adversely affect the Company's operations.

Factors beyond the Company's control, such as climatic conditions, may adversely affect the Company's operations, albeit to a limited extent. The Company may be adversely affected by changes in tax legislation or practices, increases in tax rates or tax audits.

Movements in foreign exchange rates may have an impact on the Company's revenues and financial position.

The company's existing insurance policies may not be sufficient to cover all potential losses. It is not possible to take out insurance to cover all risks that may occur in the event of an accident or damage or in any other way.

Any damage to the natural environment allegedly caused by the Company's operation of the power plant could result in legal action, compliance studies and/or cessation of generation at the power plant or increased costs.

Operations carried out during electricity generation activities can be hazardous and lead to accidents. In certain circumstances, it can cause injury to people or damage to property. This may lead to significant interruptions in the Company's operations and/or expose the Company to judicial and administrative sanctions.

Intensifying competition in the market, increasing demand for alternative energy sources and fluctuations in commodity prices may adversely affect the Company's ability to achieve its financial targets.

The Company may be exposed to risks due to possible unethical behavior and/or unlawful conduct of its employees, suppliers, contractors, agents or other third parties.

The Company has entered into and will continue to enter into related party transactions with its related parties.

Starting in 2022, the global energy market and economic downturn as a result of the war between Russia and Ukraine may lead to a decline in consumer demand for electricity and adversely affect the Company's ability to sell electricity.

The loss of key personnel or the inability to recruit key personnel and qualified employees may limit the Company's growth and adversely affect its operations.

The Company's indebtedness and financial liabilities may adversely affect the Company's operations, financial condition and results of operations.

The Company is required to comply with certain covenants under the loan agreements.

There may be risks related to litigation and disputes. Within the scope of the Company's ordinary activities, legal proceedings may be initiated and lawsuits may be filed against the Company, and the Company may also be subject to administrative proceedings. As a result of the aforementioned claims and legal proceedings being finalized against the Company, the Company and its executives may be subject to judicial and criminal liabilities, the Company may be fined and may have to pay compensation. The inability to obtain credit or capital due to volatility in the credit and capital markets or other factors could make it more difficult for the Company to develop its projects or finance acquisitions.

Aydem Holding, the indirect owner of the Company shares, has guarantees in favor of its subsidiaries. In addition, a share pledge has been established in favor of Parla Enerji's creditors on the shares of Parla Enerji representing approximately the majority of the Company's capital, and the occurrence of an event of default under the relevant loan agreements may lead to a change of control.

The Company may not be able to maintain its profitability level and the expected improvements in profitability may not materialize.

Risks related to war, terrorist incidents, terrorism and threats of war may adversely affect the Company's operations, results of operations, future expectations or financial position.

Disruptions caused by widespread public health concerns, including the Covid-19 pandemic, could adversely affect the Company's business, results of operations, prospects or financial condition.

Natural disasters such as floods, storms, landslides and earthquakes may adversely affect the Company's operations, results of operations, future prospects or financial condition.

B) Risks related to the sector in which the Company operates:
Demand for electricity may decline and uncontrolled price fluctuations may occur.

The licenses, permits and regulations required for the operation of the power plants owned by the companies operating in the sector depend on the signing of mandatory agreements with public institutions and maintaining their validity.

Changes in tariff regulations may adversely affect the revenues and operating results of companies operating in the sector.

Energy sector activities are subject to regulations and changes in these regulations may adversely affect the operations of the companies.

Operational difficulties in connecting to the transmission and distribution grid may adversely affect the Company's ability to sell the electricity it generates.

The Company is subject to collection risk arising from electricity sales.

The Company's activities are inherently risky and exposed to hazards that may lead to accidents or disruptions.

The Company's operations may be affected by environmental legislation and related litigation in the future and/or the Company may incur significant costs.

Information on Private Audit and Public Audit in 2023

Güney Bağımsız Denetim ve SMMM AŞ (Ernst S Young) conducted the audit as of June 30, 2023 (limited audit) and December 31, 2023.

Dividend Distribution Policy

Article 1: Scope and Legal Basis

This Dividend Distribution Policy determines the principles regarding the dividend and advance dividend distributions to be made by Çates Elektrik Üretim AŞ ("Company") within the scope of its articles of association ("Articles of Association") and related regulations. This policy has been prepared in accordance with the Articles of Association, Capital Markets Law No. 6362 ("CMB Law"), Turkish Commercial Code No. 6102 ("TCC"), Dividend Communiqué No. II-19.1 ("Dividend Communiqué"), Corporate Governance Communiqué No. II-17.1 and related legislation.

Article 2: Objective

The purpose of the Company's dividend distribution policy is to ensure that a balanced and consistent policy is followed between the interests of investors and the Company in accordance with the relevant legislation, to inform investors and to maintain a transparent policy towards investors in terms of dividend distribution.

Article 3: Dividend Distribution Principles

It is aimed to distribute at least 50% of the distributable net profit for the period, calculated in accordance with the Articles of Association, the Turkish Commercial Code, the CMB, the Dividend Communiqué and tax regulations, to shareholders and other persons participating in the profit, taking into account market expectations, the Company's long-term strategies, capital requirements of subsidiaries and affiliates, investment and financing policies, contractual obligations, profitability and cash position, as long as the relevant regulations and financial means allow. Dividends may be distributed in cash and/or by issuing bonus shares and/or by using these two methods together in certain proportions. Dividends are distributed equally to all existing shares as of the date of distribution, regardless of their issue and acquisition dates.

There is no dividend privilege among the Company's shares. Dividend payments may be made in equal or different installments, provided that it is resolved at the general assembly meeting where dividend distribution is decided.

Unless the reserve funds required to be allocated according to the TCC and the Articles of Association and the profit share determined for the shareholders in the Articles of Association or this profit distribution policy are allocated; it cannot be decided to allocate another reserve fund, to transfer the profit to the following year and to distribute a share from the profit to the usufructuaries, board members, Company employees, foundations and persons and institutions other than the shareholder, and no share from the profit can be distributed to these persons unless the profit share determined for the shareholders is paid in cash.

Dividend distribution procedures shall commence on the date specified in the general assembly, provided that they shall commence no later than the end of the accounting period in which the general assembly meeting at which the distribution decision is made is held. Pursuant to the Articles of Association, the dividend distribution decision taken by the General Assembly cannot be revoked unless permitted by law. In the event that the board of directors proposes to the general assembly not to distribute dividends, the reasons thereof and the manner of utilization of the undistributed profit shall be included in the agenda item on dividend distribution and this matter shall be submitted for the information of the shareholders at the general assembly meeting.

Article 4: Dividend Advance Distribution Principles

The general assembly of the Company may decide to distribute advance dividend to the shareholders in accordance with the provisions of the CMB and other relevant legislation. The provisions of the relevant legislation shall be complied with in the calculation and distribution of the advance dividend amount. Advance dividend is distributed in cash from the profits recognized in the interim financial statements of the Company. Advance dividend for a certain interim period cannot be distributed in installments.

Advance dividend is distributed equally to all existing shares as of the date of distribution, regardless of their issue and acquisition dates.

The advance dividend to be distributed may not exceed half of the amount remaining after deducting the reserves required to be set aside in accordance with the Turkish Commercial Code and the Articles of Association and losses of previous years from the net profit for the period according to the interim financial statements. The total amount of dividend advances to be given in an accounting period cannot exceed the following amounts;

- Half of the net profit for the previous year,
- The lower of net profit for the period included in the related interim financial statements and other resources available for profit distribution.

If more than one advance dividend payment is made within the same accounting period; while calculating the advance dividend payments to be made in the following interim periods, the advance dividend payments made in the previous interim periods are deducted from the calculated amount. Without offsetting the dividend advances paid in the previous accounting periods, additional dividend advances cannot be given and dividends cannot be distributed in the following accounting periods. Dividend advances cannot be distributed to persons other than shareholders and dividend advances are paid to privileged shares without taking privilege into consideration.

Article 5 - Public Disclosure

The proposal of the board of directors regarding dividend distributions or the decision of the board of directors regarding advance dividend distribution is publicly announced within the scope of the relevant regulations together with the dividend distribution table or advance dividend distribution table with its form and content. In addition, in case of any amendment to this dividend distribution policy, the Board of Directors' resolution on such amendment and the reason for such amendment shall also be disclosed to the public.

this policy is disclosed to the public on the Company's website following the approval of the general assembly.

2023 Dividend Distribution Proposal

According to Article 7 of the General Principles of Dividend Distribution section of the Capital Markets Board (CMB) Dividend Guidelines, the entire amount of dividend to be distributed can only be distributed to the extent that it can be covered from the net distributable profit available in the legal records (records kept in accordance with the Tax Procedure Law) or from other sources. In other words, the upper limit for the amount of dividends to be distributed is the distributable amount of the related profit distribution resources in the statutory records.

In this context; dividend distribution will not be realized.

2023 DIVIDEND DISTRIBUTION TABLE

ÇATES ELEKTRİK ÜRETİM A.Ş. DIVIDEND RATES TABLE FOR 2023					
	TOTAL PROFIT DISTRIBUTED		TOTAL PROFIT DISTRIBUTED	1 TL NOMINAL	
	CASH	FREE OF CHARGE	RATE	AMOUNT	RATE
	(TL)	(TL)	(%)	(TL)	(%)
GROSS	-	-	0.00	0.000	0.00
NET (*)	-	-	0.00	0.000	0.00

(*) Net calculation is based on the assumption of 15% income tax withholding.

ÇATES ELEKTRİK ÜRETİM A.Ş. 2023 DIVIDEND DISTRIBUTION TABLE			
1. Paid-in/issued capital		165,200.000	
2. Total Legal Reserves (According to Legal Records)		-	
Information on privileges in dividend distribution, if any, in the Articles of Association:		None	
		According to CMB	According to Legal Records
3.	Profit/(Loss) for the Period Before Tax		
4.			
5.	Net Profit/(Loss) for the Period (=)		
6.	Retained Earnings (-)		
7.	General Legal Reserves According to Legal Records		
8.	DIVIDEND ADVANCE LESS NET DISTRIBUTABLE CURRENT PERIOD PROFIT		
9.	Donations made during the year (+)		
10.	Net of donations for the calculation of the First Dividend		
11.	First Dividend to Shareholders		
	- Cash		
	- Free of charge		
	- Total		
12.	To Preferred Shareholders		
13.	Dividends to board members, employees, etc		
14.	Dividends Distributed to Beneficial Owners		
15.	Second Dividend to Shareholders		
	- Cash		
	- Free of charge		
	- Total		
16.	General Legal Reserves		
17.	Status Reserves		
18.	Special Reserves		
19.	EXTRAORDINARY RESERVE		
20.	Other Resources Proposed to be Distributed		



FINANCIAL INFORMATION



Statement of Responsibility

ÇATES ELEKTRİK ÜRETİM AŞ

STATEMENT OF RESPONSIBILITY PREPARED IN ACCORDANCE WITH ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUE ON PRINCIPLES REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS NUMBERED 11-141

Resolution of the Board of Directors on the Acceptance of the Financial Statements and Annual Report;

DECISION DATE: 07.05.2024 DECISION NO: 2024/10

The financial statements for the period 01.01.2023–31.12.2023, prepared by our Company and reviewed by the Independent Audit Company Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (a member firm of Ernst S Young Global Limited), were prepared in accordance with the Capital Markets Board ("CMB") Communiqué Serial II-14.1 of the Capital Markets Board ("CMB") "Communiqué on the Principles of Financial Reporting in Capital Markets" ("Communiqué"), "Unconsolidated Statement of Financial Position", "Statement of Comprehensive Income" and "Unconsolidated Statement of Financial Position" together with the footnotes prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/IFRS) and the formats determined by the CMB, "Cash Flow Statement", "Statement of Changes in Equity", "Annual (Integrated) Activity Report of the Board of Directors" ("Financial Reports"), "Corporate Governance Compliance Report", "Corporate Governance Information Form", "Participation Finance Principles Information Form" and "Sustainability Principles Compliance Framework" in line with CMB regulations;

It has been reviewed by us,

- Within the framework of the information we have within the scope of our duties and responsibilities in the Company, the disclosure did not contain any misrepresentation of the facts on important issues and any deficiency that may be misleading as of the date of the disclosure,
 - To the best of our knowledge and belief, the financial statements prepared in accordance with the Communiqué on Financial Reporting give a true and fair view of the Company's assets, liabilities, financial position and profit or loss, and the annual report fairly reflects the development and performance of the business and the financial position of the Company, together with the significant risks and uncertainties that the Company is exposed to,
- We submit the above matters for your information and declare that we are responsible for the disclosure made.
Sincerely,

Chairman of the Board of Directors Aydem Holding AŞ Representative Hamdi ALP [T.R. Identity No. 436****376]	Board Member Mehmet Akif GÜL [Turkish ID No. 413****224]
Board Member Rıdvan Edip AKDENİZ [ID No.392****200]	Board Member Emirhan KARAYAY [T.C. Identity No. 397****452]
	Board Member Engin KAVAS [T.R. Identity No. 139****644]
Company General Manager Hamdi ALP [Turkish ID No. 436****376] Original document has signature	From the financial reports for the period 01.01.2023–31.12.2023 Responsible Manager Seçkin YAMAN [Turkish ID No. 470****574]

Annual Engagement Report

Pursuant to Article 199 of the Turkish Commercial Code No. 6102, the Board of Directors of our Company made the following statement in its commitment report about its relations with the parent company and a company affiliated to the parent company.

According to the circumstances and conditions known to us in all transactions made between our Company, the controlling company and its affiliated companies in the 01.01.2023 – 31.12.2023 activity period, all measures taken or avoided to be taken for the benefit of the controlling company or its affiliated company in the 2023 activity period, including legal transactions made for the benefit of the controlling company or an affiliated company with the guidance of the controlling company, were evaluated. Regarding the 2023 activity period, we hereby declare that our Company has not incurred such a loss and benefit has not been obtained due to a transaction that occurred according to the known circumstances and conditions, and that there is no question of offsetting the benefits or losses obtained by the controlling shareholder.

Chairman of the Board of Directors Representing Aydem Holding AŞ Hamdi ALP Original document is signed	Board Member Emirhan KARAYAY Original document is signed	Board Member Mehmet Akif GÜL Original docum Original document is signed
Board Member Engin KAVAS Original document is signed	Board Member Rıdvan Edip AKDENİZ Original document is signed	

2023 Declaration on the Annual Report

ÇATES ELEKTRİK ÜRETİM AŞ
STATEMENT ON THE ANNUAL ACTIVITY REPORT FOR 2023

"This report has been prepared in accordance with the provisions of the "Regulation on Determining the Minimum Content of the Annual Activity Report of Companies" published by the Ministry of Customs and Trade in the Official Gazette dated 28.08.2012 and numbered 28395 and has been signed and approved by the Members of the Board of Directors of the Company whose names are written below.

Pursuant to Article 199 of the Turkish Commercial Code No. 6102, the Board of Directors of our Company made the following statement in its commitment report about its relations with the parent company and a company affiliated to the parent company.

"According to the circumstances and conditions known to us in all transactions made with our company, the controlling company and its affiliates during the operating period of 01.01.2023 - 31.12.2023, all measures taken or avoided to be taken for the benefit of the controlling company or a company affiliated with it in the 2023 operating period have been evaluated. We declare that our Company has not suffered such a loss and no benefit has been provided due to a transaction that occurred according to the known circumstances and conditions regarding the 2023 operating period, and that the benefits or loss obtained by the controlling partner are not equalized."

Chairman of the Board of Directors

Hamdi ALP

Representing Aydem Holding AŞ

Original document is signed

Board Member

Emirhan KARAYAY

Original document is signed

Board Member

Mehmet Akif GÜL

Original document is signed

Board Member

Engin KAVAS

Original document is signed

Board Member

Rıdvan Edip AKDENİZ

Original document is signed

Independent Auditor's Report on the Board of Directors' Annual Report

The Independent Auditor's opinion on the report can be found on the cover page of the report.

Unconsolidated Financial Statements and Private Independent Auditor as of 31 December 2023

As of 31 December 2023, you can access the Unconsolidated Financial Statements and the Special Independent Auditor's Report on our Company's Investor Relations website under the Financial Reports heading under the Reports tab or at <https://www.cates.com.tr/en/financial-reports>



CONTACT US



Contact

Çates Elektrik Üretim A.Ş.

Şahinler Mahallesi Şahinler (Küme Evler) Yatağan Termik Santrali Sitesi
No: 259/1 Yatağan/Muğla

 **Tel: 0372 264 30 50**

 **Fax: 0372 264 24 21**

<https://www.cates.com.tr/en>

All contact information of our company can be found on the
General Information-contact tab
<https://www.kap.org.tr/en/sirket-bilgileri/genel/5905-cates-elektrik-uretim-a-s>
on our Public Disclosure Platform (KAP) page.

Üretim Tesisi Şube Bilgisi:
Çatalağzı Termik Santrali (ÇATES)
Çatalağzı Beldesi Santraller Mevkii Necati
Yirmibeşoğlu Caddesi Çatalağzı/Kilimli/Zonguldak

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