

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.  
VE BAĞLI ORTAKLIKLARI**

**1 JANUARY 2021 – 31 DECEMBER 2021**

**BOARD OF DIRECTORS**

**ANNUAL ACTIVITY REPORT**

**ISSUED PURSUANT THE COMMUNIQUE SERIAL: II NO. 14.1**

**09.03.2022**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR’S REPORT  
ON THE BOARD OF DIRECTORS’ ANNUAL REPORT  
ORIGINALLY ISSUED IN TURKISH**

To the General Assembly of Türk Prysmian Kablo ve Sistemleri A.Ş.

**1. Opinion**

We have audited the annual report of Türk Prysmian Kablo ve Sistemleri A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the 1 January - 31 December 2021 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group’s position in the Board of Directors’ Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

**2. Basis for Opinion**

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the “TSA”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities in the Audit of the Board of Directors’ Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Our Audit Opinion on the Full Set Consolidated Financial Statements**

We expressed an unqualified opinion in the auditor’s report dated 23 February 2022 on the full set consolidated financial statements for the 1 January - 31 December 2021 period.

**4. Board of Director’s Responsibility for the Annual Report**

Group management’s responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code (“TCC”) No. 6102 and Capital Markets Board’s (“CMB”) Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (the “Communiqué”) are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Group after the operating year,
- the Group's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

## **5. Independent Auditor's Responsibility in the Audit of the Annual Report**

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

**ORIGINAL COPY SIGNED IN TURKISH**

Özgür Beşikçioğlu, SMMM  
Partner

Istanbul, 9 March 2022

## **CEO'S MESSAGE**

**Dear Shareholders,**

As Türk Prysmian Kablo, the Turkish operation of Prysmian Group, worldwide leader of the cable sector, we close out 2021 with many achievements and significant contributions to the Turkish economy and exports, guided by our mission "Connecting Turkey to the Future" and always putting sustainability at the heart of all our processes.

Extraordinary conditions brought on by the pandemic in 2020 both in social and economic terms have continued to affect us and the whole world in 2021, with new dimensions added to these challenges.

While Covid-19 continues to pose a threat to all countries with the rise of new variants, the wheels of production started turning again thanks to a relatively safe environment created by vaccination efforts and as required by the principle of economic continuity. High-level measures we have taken throughout the year and strict compliance with the instructions of public authorities enabled us to keep up production and operations at full speed; and in all our processes the well-being and safety of our stakeholders but primarily our employees and their families have remained as our top priority.

Looking back at 2021, we can proudly say that we achieved great results in line with our plans and delivered a better performance than the last year despite the effects of the Covid-19 on different levels.

### **Integrating sustainability in all phases of our operations**

Driven with the sense of economic, social and environmental responsibility, Türk Prysmian Kablo integrates sustainability in all phases of its operations. With a crucial breakthrough in this respect, the 2021 has been the year with the sustainability being top of the agenda.

We built our sustainability vision on four primary pillars. Eliminating footprint, circular resource use, enhancing business model, and developing employees and society. We developed specific projects for each topic and demonstrating a significant performance, we managed to complete 22 different projects within 2021.

The "Sign IT" project is an extremely crucial step in our sustainability journey. We want to create value for our stakeholders and the society by achieving our goals, and we continue our journey in this direction. We believe Sustainability is a Journey, not a Destination. We know that financial results are not the sole goal of businesses today. All decisions taken have to pass through complex processes including their impact on health, safety and environmental. Therefore we say 'Sign It' and make a commitment to produce eco-friendly products by reducing emission and wastes. In line with this vision and philosophy we will continue to say 'Sign It' and to move forward at a high pace.

### **Putting digitalization at the core of our business**

Although digitalization has always been incorporated in our company culture, it has entered in our agenda more aggressively in 2021. Being the pioneer of the Turkish cable industry we continue to focus on investments in sustainability and digitalization. CableApp that provides convenience to the users on site, is only one of the investments made as part of our digitalization efforts; considering the rapidly increasing new requirements and demands in the market, this app makes it easier for our stakeholders to choose the right cable, helping them save time.

Another important element of our digitalization vision is our Online Cable Trainings. Being the first in the cable sector, Türk Prysmian Kablo continued to provide online cable trainings in 2021. Until now around 3 thousand people have received our Online Cable Trainings that was organized for the first time in 2015. These trainings are available for all our stakeholders and anyone who is interested. The program is designed for students and academicians as well as professionals in the sectors such as electrical engineers, electrical technicians and electrical project designers; the program has stimulated the professional development of the sector during the pandemic.

Along with these, throughout the year we continued to interact with our stakeholders and employees in the sector regularly at online meetings, meetings with dealers and webinars.

### **Carrying on with R&D and innovation activities at full speed**

As the “Top R&D Spender” in the Turkish cable industry, we continue to lead the market. We know that it is difficult for companies and institution that are not agile and that do not incorporate R&D and innovations into their culture to survive and move forward in this new period. We will continue to adapt ourselves to the changing needs of consumers and produce eco-friendly, new generation cable technologies that can keep pace with the transformation driven by changing technology in the cable sector.

### **Employees are our most valuable asset**

We are aware that being the leader and pioneer of the industry, we are perceived as a role model not only in the areas we operate but also in the way we do things. Thus it is important for us to share with stakeholders our efforts to protect the health and safety of our employees, our most valuable asset, and to raise awareness on occupational security. Our goal is to support sustainability development through the social responsibility projects we carry out; we are committed to turn our workplaces into much safer and better environments; and with our "Zero and Beyond" vision, we want to underline the importance of occupational health and safety.

Occupational health and safety, digitalization, R&D and innovation are the main criteria of our sustainability vision. Therefore we will continue to make investments in the digitalization, occupational health and safety as well as R&D and innovation fields at full speed in order to achieve our sustainability goals.

In 2021, we have implemented all our activities within the framework of the importance we attach to the corporate governance principles as always and updated our “Corporate Governance Rating Score” to 95.24. *As the only publicly traded company in our sector, we are proud to update our score every year. As Türk Prysmian Kablo, we will reinforce our business model in order to integrate our economic, social and environmental responsibility in all phases of our operations, and to create value for our stakeholders and the society, and we will continue to effectively and actively contribute to this goal.*

Being one of the pioneers of the sector and playing a key role in the Turkish economy, we will continue to work, to produce and to create added value for our Country and our stakeholders.

I warmly thank you on behalf of Türk Prysmian Kablo and on my personal behalf.

Best regards

**Ülkü Özcan**  
**CEO**

## 1- GENERAL INFORMATION

Türk Prysmian Kablo ve Sistemleri A.Ş. is the Turkish operation of Prysmian Group, the worldwide leading company in energy and telecommunication cables' industry following the Prysmian-Draka merger that took place in 2011. The company is headquartered in Mudanya (Bursa) since 1964 and carries out its activities on a total outdoor area of 180.000 m<sup>2</sup> (indoor area 79.000 m<sup>2</sup>). The company stands out in Prysmian Group as one of the 12 plants that can produce both energy and telecom cables. Wide product range of Türk Prysmian includes all energy cables up to 220 kV, copper conductor communication cables up to 3.600 pairs, optical fiber cables, and special cables for industrial applications. Moreover, as a result of the merger with Draka on main shareholders level, railway signaling cables, lift systems, studio broadcast cables and special cables have also been added to the company's product range. Today Mudanya factory can produce 22.000 different cables. Furthermore Türk Prysmian delivers "turnkey" projects for cables and systems providing each one customer tailored and premium services. Our main field of activity is cable production, and cable and installation services, which we refer to as turnkey projects. In this respect, we have made development and modernization investments to maximize capacity utilization.

The installed capacity of Türk Prysmian can meet the needs of the domestic market entirely and at the same time it is at a level that can compete in international markets. Capacity utilization rate of Türk Prysmian reached 79% in 2021, and it continues to be a privileged export center within the Prysmian Group, exporting approximately 27% of its TRY 3,220,770.171 turnover in 2020. Türk Prysmian continues to be the leader of the market in the field of innovation, technology, quality and customer satisfaction both in Turkey and abroad. With a wide geographical coverage, the company exports to more than 40 countries today including Azerbaijan, Barbados, China, France, Iraq, North Africa, Middle East countries, Papua New Guinea, Sri Lanka, Chile, Turkmenistan and Jordan.

Prysmian Group has 25 R&D centers worldwide and one in Türk Prysmian's Mudanya factory. Material Technologies Laboratory in this R&D center is registered by Turkish Accreditation Agency (TÜRKAK) with accreditation certificate TS EN ISO/IEC 17025 "General Requirements For The Competence of Testing and Calibration Laboratories". The certificate granted by TÜRKAK is a certification that the results of "fire tests" conducted in Türk Prysmian's laboratory are reliable and internationally valid.

Türk Prysmian Kablo ve Sistemleri A.Ş., listed on the Borsa Istanbul strives for improving the efficiency of its products and services not only in Turkey, but also in global markets, and ISO/DQS 9001, and ISO 14000 certifications granted for the first time in this sector is a further proof of how much the company cares for people and environment.

**Fiscal Period of the Report:**

This report has been issued for the period 01.01.2021-31.12.2021.

**Company Trade Registry Number and Contact Info**

**Headquarter address:** Ömerbey Mah. Bursa Asfaltı Cad. No:51 Mudanya / BURSA

**Tel:** +90 224 270 3000 **Fax:** +90 224 270 3024

**Branch Address:** Ömer Avni Mahallesi İnebolu Sok. Haktan İş Merkezi No:39 K:2 Setüstü Kabataş Beyoğlu/İSTANBUL

**Tel:** +90 212 393 7700 **Fax:** +90 212 393 7762

**Trade Registry No:** M0153/Bursa Merkez

**Mersis No:** 086005137400023

**Web site:** [www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr)

The Company's subsidiaries are detailed below:

<b>Subsidiaries</b>	<b>Activity</b>	<b>Core activity</b>
Türk Prysmian-Prysmian Powerlink Ordinary Partnership-2	Sales	Sale of Power Cables
Türk Prysmian-Prysmian Powerlink DB.KAB.19 Ordinary Partnership	Sales	Sale of Power Cables

**2- BUSINESS SECTOR, VISION AND MISSION**

Prysmian Group is the world leader in the field of energy cables and systems as well as communication cables and systems. We are a multinational company that has been growing for more than a century in the sectors specialized in throughout the world and deeply rooted in all local markets.

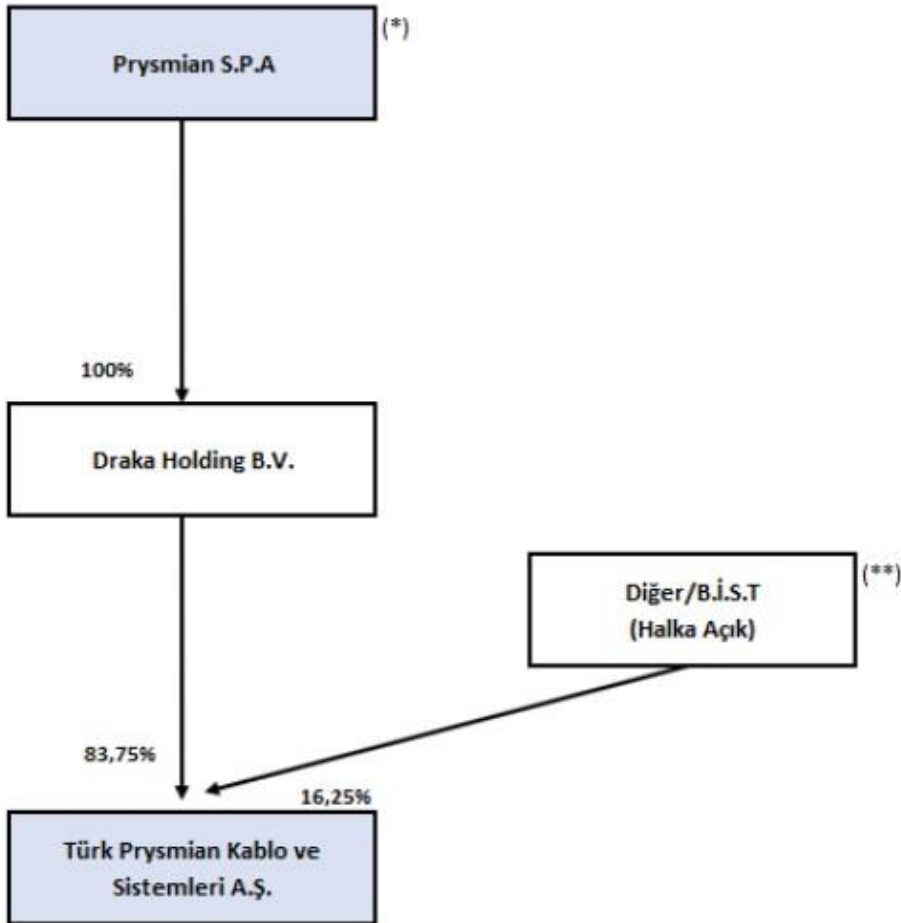
Our vision is, while keeping inside alive the workforce which will help us to exhibit a creative and superior performance with our outstanding and innovative role, having an organizational structure that gives importance to openness and social responsibility, carrying on long term partnerships by providing customer satisfaction continuously, creating constant value for our shareholders and dedicating ourselves to improve the community's conditions, to be the industry leader in Turkey and in international platforms as a member of Prysmian Group. Our mission is to add value to our shareholders and to the sector by providing innovative, technologically advanced, high quality and safe products and services to our clients, business partners and the society in general, meeting all applicable standards.

### 3- CAPITAL AND SHAREHOLDER STRUCTURE

Capital Structure of the Company as of 31.12.2021 is as follows:

Shareholders	%	TRY
Draka Holding B.V.	83.75	181,506,654
Other*:	16.25	35,226,998
<b>Authorized capital</b>	<b>100.00</b>	<b>216,733,652</b>

We do not issue privileged shares. Shares carry one vote per share.



**Final Shareholder Structure as of 31.12.2021**



#### 4- BOARD OF DIRECTORS AND COMMITTEES, COMMITTEE MEMBERS AND ORGANIZATIONAL STRUCTURE

Members of the Board of Directors as of 31.12.2021 are as follows:

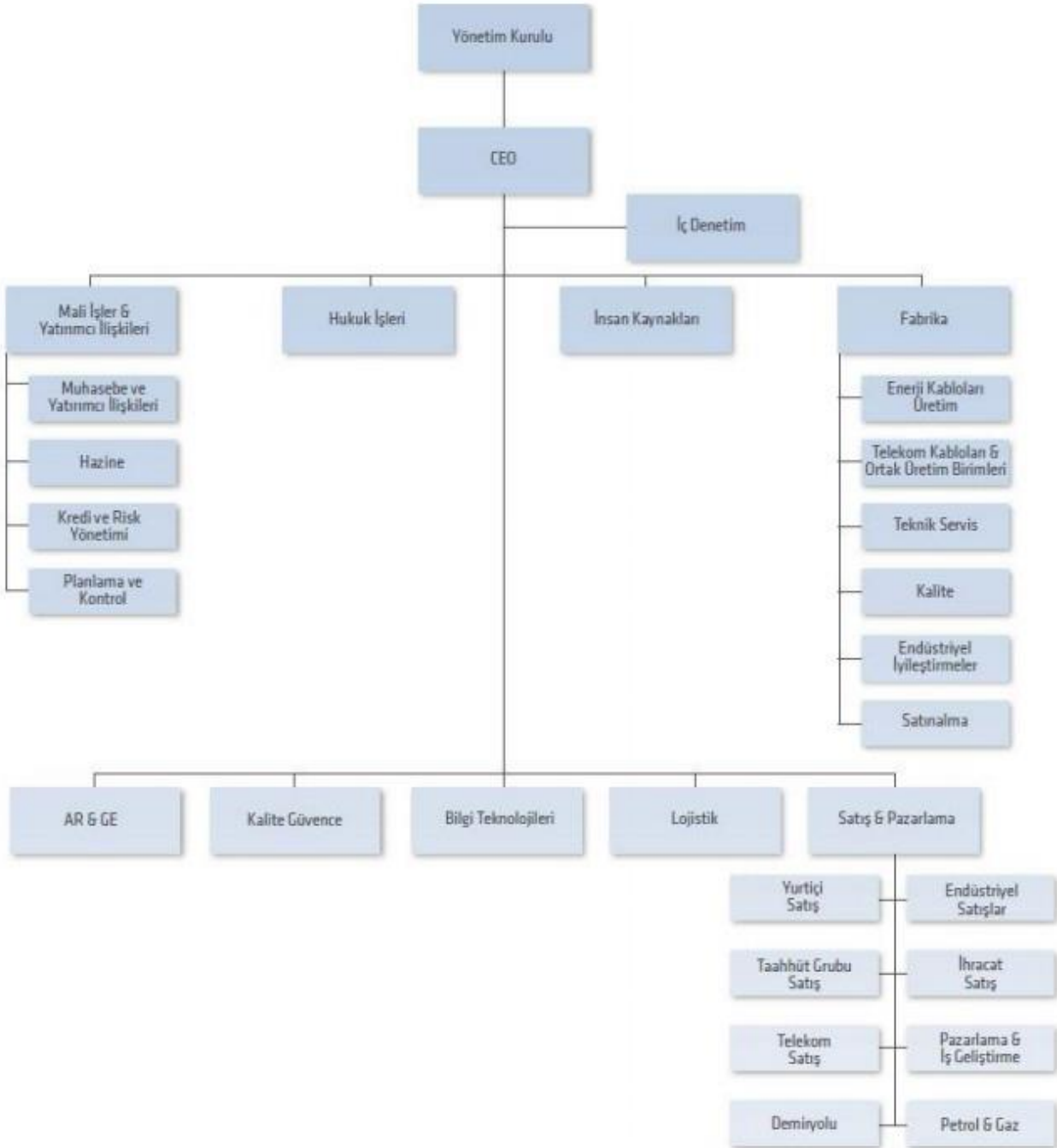
<b><u>Board of Directors</u></b>	Chairman	Halil İbrahim KONGUR
	Vice Chairman	Ülkü ÖZCAN
	Board Member	Ercan GÖKDAĞ
	Board Member	Robert Van VEEN
	Board Member	Maria Cristina BIFULCO
	Independent Board Member	Mine AYHAN
	Independent Board Member	Banu UZGUR
	Independent Board Member	İsmet SU

Committees formed as per the provisions of Communiqué on Corporate Governance (Serial: II, No: 17.1) published by Capital Market Board are stated below.

<b><u>Audit Committee</u></b>	Chairman	İsmet SU
	Committee Member	Banu UZGUR
	Committee Member	Mine AYHAN
<b><u>Early Detection of Risk and Risk Management Committee</u></b>	Chairman	Mine AYHAN
	Committee Member	Banu UZGUR
	Committee Member	İsmet SU
<b><u>Corporate Governance Committee</u></b>	Chairman	Banu UZGUR
	Committee Member	Mine AYHAN

\* Corporate Governance Committee member Nevin Kocabaş is not included in this list as she resigned from this position as of 15.12.2021.

## Organizational Structure



## **5- SECTORAL EVALUATION AND INFORMATION ON COMPANY ACTIVITIES**

### **Sectoral Evaluation**

"Energy and Communication" is the foundation of a modern life and the two most important elements steering the growth of the cable industry. Rise of industrialization, population increase, industry evolving towards dense housing, technological advancements, researches on transition to renewable energy, and changes arising in line with these in terms of infrastructure and transportation needs are the main drivers of the growth in energy cable production. On the other hand continuously evolving service sector industry is accelerating the shift towards the digital world right now dominated by metaverse, virtual worlds and augmented reality. Due to the need for smart data transfer systems and an increasing trend towards expansion of networks being witnessed increases the demand for communication cables.

The cable sector hit hard by Covid-19 pandemic and its effects are expecting a growth in 2022 thanks to measures taken and increasing vaccination rate. This is also supported by IMF's World Economic Report projecting a global economic growth of 5.9% for 2021, and 4,9% for 2022.

COVID-19 outbreak the global effects of which were felt in in the beginning of 2020, had a significant economic impact on the cable industry, which began to appear in the same year along with postponed infrastructure projects, companies dissolving their business operations, quarantines required, travelling bans, labor shortage, disruptions in production operations, and particularly the issues with respect to production of electronic and semiconductors, raw material supply constraints and significant increase in logistics costs had negative impact on the cable sector.

Soaring prices of raw materials compared to the previous year topped with the fluctuations in exchange rates increased the pressure on the sectors that import raw materials. As the primary raw materials used in cable production, such as metals like copper, aluminum, and polymer materials like PVC, polyethylene are traded in foreign currency; every time there is a change in the currency rates, producers are left with no choice but to adapt their prices, which in turn causes the contractors, distributors, project companies and end-users to revise their budget every time. Rapid changes in exchange rates has negative impact on the sector cause while large part of the costs are incurred in foreign currency, the sales are made in Turkish Lira and mostly in the form of forward sales.

As emerging economies had to face an uphill battle in dealing with Covid-19 compared to developed countries, the Turkish cable sector was substantially affected like all other sectors. Under the new world order and the new normal brought on by Covid-19, competition became fiercer, and competitive conditions are now determined by speed, agility, innovation and digitalization skills. In these challenging times, companies are less affected by the pandemic to the extent they are able to take quick decisions, prompt actions to stabilize the supply chain, adapt to changing circumstances quickly and attach importance to digitalization.

Impact of pandemic on cable sector were felt less in 2021 than the previous year; Turkish economy affected by the pandemic, grew only by 1,8% in 2020 however, thanks to measures and steps taken for the sake of

normalization the growth was recorded as 11% in 2021.

The Turkish cable industry that has grown in line with the developments in the construction, energy and communication industries has gained a competitive edge in the global cable market and is now able to export to all countries of the world owing to its production technologies at international standards, skilled workforce, R&D studies, and ever-increasing quality awareness. According to the recent studies carried out and the statistics prepared by institutions like TUIK and Turkish Exporters Assembly, the total size of domestic and international sales of the Turkish cable industry is around USD 4-5 Billion, and the top 20 companies account for approximately 80-90% of the total production and sales of the cable manufacturers in Turkey. Most cable producers in Turkey turned towards export market due to difficulties experienced in Turkish economy and accordingly in the construction sector, and export in the first 10 months of 2021 was USD 2,4 billion, reaching to USD 2,9 billion by the year-end. Today, the manufacturers in the market continue to produce in different segments including energy, communication, fiber-optic, low current cables and enamel magnet wires, and create jobs for thousands. The fact that more than half of the total cable production of our country is exported, combined by the proximity of our country to markets like Europe, Africa and Middle East, indicates how important our cable industry is for the region. On the other hand, increased incentive efforts in R&D and use of domestic products in domestic projects, and increased importance attached to localization are making a positive impact on the domestic market.

According to TEIAS's report, Turkey's installed power exceeded 100,000 MW as of the end of 2021. This increase was primarily driven by hydroelectric power plants, natural gas power plants, wind and solar power investments. Despite global and domestic stagnancy, use of renewable energy resources steadily increased in Turkey, making Turkey an important player of the region in energy, and ultimately supporting the development of the cable industry positively.

Sustainability is a major topic in all global sectors where eco-friendly solutions are used. To contribute to the United Nations 2030 Sustainable Development Goals, we are actively working on issues such as poverty, peace and well-being, climate change, energy efficiency, reduced inequality, innovation, sustainable consumption and justice and supporting the achievement of 17 SDGs. Whilst renewable energy gains more importance every passing day, the world has experienced how important environmental awareness is, after witnessing the positive response of nature to temporary shutdown of factories worldwide due to the Coronavirus outbreak. On the one hand, constantly-increasing world population, and on the other, climate change and global warming reveal the importance of sustainable production. Companies will be less affected and will serve the sector for a longer period only if they stand out with technological capabilities, innovation skills and sustainable production, invest in eco-friendly new products and systems, feel responsible for the universe, focus on renewable energy projects for the benefit of the world and the industry both, maintain a sustainable standpoint, and place sustainability at the heart of all their activities.

The requirements most sought after in cables are prevention of risks to life and property, and improved performance against fire, and where data and communication cables are concerned, a design that allows to transmit more data faster and covers less space. To prevent loss of life and property, it is absolutely necessary to use fire-proof installation cables in buildings surfacing due to ongoing urbanization and overpopulation.

These cables should be low smoke, halogen-free, flame-retardant, or conductive under flame. While the Turkish cable industry keeps up with the changing regulations and conducts R&D studies for fire-resistant cables, it uses eco-friendly and new generation cable technologies that can keep pace with the transformation driven by changing technology.

Non-standard products which represent a major issue for the cable industry and frequently seen in the market recently due to increased competition have resulted in significant losses for the cable industry especially in the export markets. It has however become important to implement control over import of products such as optical fiber and data cables mostly supplied from the Far East through e-commerce websites and to introduce measures to prevent unfair competition. The leading cable manufacturers of our country, manufacturers' associations, and the relevant official authorities and departments have launched a comprehensive struggle against non-standard cables. In order to live in a safer and much efficient world, awareness efforts have been started and are in progress to ensure that high-performance and cost-effective solutions are preferred, sector-wide awareness is raised on the use of proper cables, market supervision and inspection activities are carried out to guarantee normative compliance of the cables used in the market, and to raise awareness on non-conformity of certain cables available on the market in Turkey.

On the other hand, implementation of the EN-50575 standard that regulates the classification of cables used in the scope of the Construction Products Regulation according to their fire-resistance performances is of paramount importance for our industry. Use of cables complying with this regulation in all housing projects with fire risk; audits to be made by Market Monitoring and Audit Teams operating under R.T. Ministry of Environment, Urban Planning and Climate Change in order to inspect whether cables in the market comply with CPR; and increasing the number of audits being carried out by R.T. Ministry of Industry and Technology and including cables within the scope of these audits shall play crucial roles in improving the levels of quality and safety in Turkish cable sector. Especially the increase use of Cca and B2ca class CPR compliant top level products in prestigious domestic projects in recent years is critical in terms of the emphasis placed on quality and human life.

Subsequent to the Construction Products Regulation which became compulsory in our country on June 1, 2017 along with all European Union States; the publication of the communiqué amending the general technical specifications for construction works, construction, machinery and electrical installations by Republic of Turkey, Ministry of Environment, Urban Planning and Climate Change in the Turkish Official Gazette No. 31343 of December 23, 2020, and the promulgation of the "General Technical Specifications for Cables" which also include the "Chart of Relationships Between Fire Reaction Performance Classes of Cables and Structure Types and the Areas within the Structure" represent major steps for the implementation the Construction Products Regulation.

## **R&D Activities**

Türk Prysmian Kablo aims to increase its competitive power in the energy and telecommunication cables industry, offering users of cutting edge technologies the opportunity to take the advantage of its leadership in innovation and development, and is working on efficient, effective, superior and eco-friendly products and system solutions. The Research & Development (R&D) Centre in Mudanya is one of the 25 centers of Prysmian Group R&D family that plays a leading role internationally in cable production and material technologies. Owing to its comprehensive infrastructure and operations, Mudanya R&D Centre is also the pioneer of the Turkish Cable Industry.

Established on an area of 5 thousand square meters and comprised of 6 separate departments, the R&D Centre encompasses a Material Technologies Laboratory, a Burn Test Laboratory, an Energy Cable Testing Laboratory, a Telecom and Fiber Cables Testing Laboratory as well as a Design and Innovation Office and a Process Design and Prototype Development Office. The R&D Centre holds the TS EN ISO /IEC 17025 Standard "General Requirements for the Competence of Testing and Calibration Laboratories", and the Private Sector Burn Test Laboratory has been the first lab accredited by the Turkish Accreditation Agency (TURKAK) in Turkey to possess the infrastructure prescribed by "CRP - Construction Products Regulation".

The Construction Products Regulation (EU) No: 305/2011) that Türk Prysmian Kablo reviewed in the scope of its initiative "Caution! Not Every Cable is the Same..." and in respect of which it carried out years of comprehensive and in-depth studies, was published for the first time by the Ministry of Environment and Urban Planning of the Republic of Turkey in 2011, and was legally enacted and declared compulsory for cables effective from July 1, 2017. CPR sets out performance statements related to the technical characteristics of materials used in constructions and rules for the attachment of CE marking to materials, whereas the CRP certificate certifies reaction to fire performances and regulatory compliance of cables. EN 50575 Standard regulating implementation of CPR in cable sector determines the fire reaction performance requirements of power, control and communication cables used in any structure, including buildings and infrastructures, the tests regarding these requirements and criteria regarding conformity assessments.

The first company in the Turkish Cable Industry to acquire the CPR certificate thanks to its research and product development activities and the pioneer of the sector with its expertise in this field, Türk Prysmian Kablo continuously adapts its products to the requirements of CPR. We developed top quality CPR compliant cables to meet the increasing CPR demand in the railway sector. There is a demand for B and C CPR class, high fire performance cables for use in new generation power stations and modern substations standing out with renewable energy production. We have developed new CPR series under control, instrumentation and power cable groups to meet this demand, and the certification processes have been completed and thus we managed to access new import markets.

Studies on developing PVC material development as an alternative to low smoke, halogen-free LZSH material solutions have been completed to meet the demands of customers in diverse markets. Research and product development activities carried out to export our cables to broad markets such as United States, Europe and Australia, yielded launch of new product groups. Collaboration is made with R&D implementing common projects in optical fiber solutions and we continue our efforts to develop innovative products.

We calculated our carbon footprint within the scope of sustainability studies. LCA activities were carried out to evaluate environmental impact of our factory.

Through its Mudanya R&D Center, Türk Prysmian Kablo invests in technology and innovation, promoting technological innovations and products with superior performance to users with the objective of improving competitive power of our country. In line with this vision, since 2016 the company has been carrying out activities in the first R&D Center of the cable sector certified by R.T. Ministry of Science, Industry and Technology. In addition to innovation and product development efforts, Türk Prysmian Kablo has completed 7 Tübitak Projects as of the end of 2021 and attended an internal seminar as a speaker. Close alliances established with universities are in progress. Our R&D staff continues their post graduate and doctorate education.

The R&D Centre of Türk Prysmian Kablo continues to produce high-performing innovative solutions giving priority to efficiency and safety. For energy, fiber and communication cables, innovative, competitive, state-of-the-art, user-friendly and high performing solutions are developed for various geographical, environmental and usage conditions all around the world, taking account of the needs of users and industries. These solutions include, amongst others, railway signaling cables, low voltage and fiber optic cables for the petro chemistry industry, minitube fiber optic cables, defense industry and railway car cables, fire-resistant railway - fibreoptic cables, and custom cables for the petro chemistry sector. Moreover, the number of national and international tests that have been included in the scope of accreditation by Turkish Accreditation Agency (TURKAK) has risen to 29, which is an outcome of the importance accorded by Türk Prysmian Kablo to product and test reliability.

At the R&D Centre of Türk Prysmian Kablo, we will continue our efforts in the period ahead to take the Turkish Cable Industry a step further each day in line with our mission "Linking Turkey to the Future".

## **Economic Expectations**

### **2021 4th Quarter**

International organizations revised up their growth forecasts due to recovery of the global economy with the gradual softening of the impact of the pandemic in the 3rd quarter; and eventually economic growth was achievable despite the restrictive impact of the new omicron variant felt in the last quarter of 2021. USA economy grew by 5,7% in 2021 showing its best performance in the last 40 years, in December, unemployment rate in USA fell for the first time since the pandemic began, providing a good indicator of recovery. China's economy grew by seasonally adjusted 1.6 percent in the fourth quarter of 2021, and expanded by 8.1% year-on-year, growing way beyond expectations. Although completing 2021 with a high growth figure, in the last two quarters where economic activity was rather low, the Central Bank has announced a series of measures to support the activities. In EURO area, in the third quarter of 2021, GDP had grown by 2.3%, and rose by %0.3 in the last quarter. Growth was limited in European countries that imposed restrictions in response to the new variant, and higher in remaining countries. Euro Area PMI data in December are a good indicator of the positive rebound of the economy.

Higher capacity utilization levels and other indicators point that Turkish economy may see a two-digit growth in 2021, above the levels foreseen in the beginning of the year. PMI index that rapidly went down during the period when pandemic was intense, was above 50 in 2021 and went up during November and December amid currency volatility, signaling a stronger improvement. Industrial production volumes went up by 17% year on year as of the end of November. This was mainly driven by manufacturing industry sector, specifically the manufacturing of consumer and intermediate goods. Although domestic automobile sales fell due to the impact of adverse foreign exchange rates, exports increased, and exported automobiles accounted for 70% of the total output. Domestic white good sales increased by 9%.

In December, the consumer prices rose by 13.58 percent and the annual inflation has surged by 14.77 points reaching to 36.08 percent. While this development was predominantly driven by the price increases in the core goods and food groups, annual inflation went up across all main groups. The impact of exchange rate developments was observed in the core goods group, in which the exchange rate pass-through is high, led by durable consumption goods, and prices in the food group excluding fresh fruits and vegetables rose substantially. The depreciation of the Turkish lira, the elevated course of commodity prices, and the lingering disruptions in supply chains caused the rise in producer prices to continue at an accelerated pace. Producer prices continued to rise markedly in December, largely due to energy and intermediate goods, reaching up to 79.89% at the year-end.

Decisions announced by central banks in advanced economies in the last month of 2021 had impact on global economy. We frequently witnessed growth and inflation pressures throughout the year and political rate decisions and statements in this direction. As inflation in the U.K. rose at its fastest annual rate in the last decade, Bank of England raised interest rates to 0.25% in December. While FED did not raise the interest rate, announcements were made signaling monetary tightening. Despite annual inflation reaching to 4.7%, the highest rate in the last twenty-five years, European Central Bank did not raise the interest rates but announced that monetary expansion will be gradually finalized.

The Central Bank of Turkey cut its policy rate by 100 basis points to 14% in the December meeting, slashing the policy rate by 500 basis points in the last four meetings. This decision was triggered by the drop to levels of 10% in September due to strict policies contractionary effect on commercial loans. Growth in TRY commercial loans accelerated and reached 20% by the year-end.

After the interest rate cut in December, the negative interest environment in TRY leads to extreme volatility in USDTRY rates. USDTRY rates reached an all-time high but with the FX-hedged deposit products launched to encourage individuals who have a TRY deposit account to move towards Turkish-lira based assets, and the subsequent measures taken has helped to bring the situation under control. Accordingly the year-end USD/TRY rate was 13, and EURO/TRY rate was 14.70. 5-year CDS premium that reached over 600 in December has fallen to 550 at the end of the year.

Exports rise to a record level in November reaching to \$21 billion however due increased import of oil and natural gas by the impact of high energy prices, Country's imports reached \$26.9 billion. Trade deficit that



remained the same increased again in the first months of the year and then declined to \$39.4 billion in the period from January to November. Export/import coverage ratio that was 77% in the same period last year, rose to 84% in 2021. Turkey exported mostly to German, Iraq and UK.

When the central administration budget results are checked, with the positive impact of the increase in tax income in November, a primary surplus of TRY 32 billion is posted. In the January-November period, annual budgetary deficit was posted as TRY 46.5 billion decreasing by 65%.

Due to Covid related concerns in supply demand equilibrium in 2021, oil prices have remained highly volatile. Economic recovery thanks to vaccination rollout across the world, pushed the oil prices up and crude oil prices that rose around 5-10 percent only in December increased more than 50% in 2021.

## **2022 1st Quarter**

Global economy entered year 2022 in a weaker position than expected. This is driven by ongoing supply chain disruptions, energy supply problems and rising prices, as well as higher inflation that may last longer than anticipated. The inflation climbed by the fastest pace in the last 19 years jumping to 36% in 2021 and it is expected to accelerate in the first quarter of the year. This is triggered by 25% price increases in base metals, electricity and natural gas along with food prices in December.

In 2022 concerns in the market regarding the new Omicron-variant are declining as it is no longer seen as a serious threat with the assumption it is less severe and will not require severe quarantine measures. Despite the recent increase in the number of cases, improved vaccination rates stimulate economic activities especially in the service sector, primarily the tourism sector, which was one of the sectors that is most affected by the pandemic. Accordingly the share of service sector in credit card spendings have increased.

Statements and decisions made by the Central Bank of Turkey continue to guide the domestic markets, and all these decisions focus on supporting the improvement of Turkish Lira deposits and Turkish lira-denominated assets. According to the results of the Survey of the Market Participants, 2022 year-end inflation is expected to rise to 25%.

Provisional export data suggest that exports reaching to all-time high in November remained strong at the end of the year and imports continue to increase due to crises in energy imports, contributing significantly to foreign trade deficit. Meanwhile recovery of the service sector is expected to support current account balance and causing it to post a surplus in 2022.

IMF recently announced that the growth rate of the global economy will slow to 4.4% in 2022.

## 6- Summarized Activity Results

### CONDENSED BALANCE SHEET

	Independent Audit Completed 31 December 2021	Independent Audit Completed 31 December 2020
Current assets	2,026,951,571	892,251,480
Non-current assets	255,778,945	170,770,539
<b>Total assets</b>	<b>2,282,730,516</b>	<b>1,063,022,019</b>
Short-term liabilities	1,818,827,462	636,997,434
Long-term liabilities	25,939,776	22,459,374
Equities	437,963,278	403,565,211
<b>Total Liabilities</b>	<b>2,282,730,516</b>	<b>1,063,022,019</b>

### CONDENSED INCOME STATEMENT

	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	3,220,770,171	1,802,184,466
Costs of sales (-)	(2,841,907,068)	(1,600,374,544)
<b>Gross profit</b>	<b>378,863,103</b>	<b>201,809,922</b>
Operating Costs	319,599,911	149,522,625
<b>Operating profit</b>	<b>59,263,192</b>	<b>52,287,297</b>
Income from investment activities	118,812	204,791
<b>Operating profit before financing income/(expense)</b>	<b>59,382,004</b>	<b>52,492,088</b>
<b>Financing income/(expense)</b>	<b>(10,675,643)</b>	<b>(7,342,087)</b>
<b>Profit before tax</b>	<b>48,706,361</b>	<b>45,150,001</b>
Tax income/(expense)	(7,973,367)	(2,731,357)
<b>Period Profit / (Loss)</b>	<b>40,732,994</b>	<b>42,418,644</b>

Net period profit of the company for the operating cycle January 1 – December 31, 2021 is TRY40,732,994.

## 7- FINANCIAL SOURCES OF THE COMPANY

Funds from business operations are used as financial sources for the company. Export credit commitments payable of the company is zero as of December 31, 2021.

### Basic Ratios

	31 December 2021	31 December 2020
Current Ratio (Current Assets/Short-term liabilities)	1.11	1.40
Total Liabilities/Total Assets	0.81	0.62
Total Liabilities/Equity	4.21	1.63

	1 January - 31 December 2021	1 January - 31 December 2020
Gross Profit/Net Sales	11.76%	11.20%
Operating Profit/Net Sales	1.84%	2.90%

## 8- CORPORATE GOVERNANCE COMPLIANCE REPORT

### 1- Corporate Governance Compliance Report

Having more than 56 years of history in Turkey, As Türk Prysmian Kablo ve Sistemleri A.Ş. is one of the leading and most experienced companies in its sector.

As from its establishment, together with its Board of Directors and Executive Management, it has adopted the corporate structure and governance principles in its relations with the Company's shareholders, and relevant stakeholders. The company is committed to shape its structure and management style in accordance with guidelines specified in Corporate Governance Principles of Capital Market Board. Moreover, since Türk Prysmian Kablo ve Sistemleri A.Ş. is operating under the roof of the Prysmian Group, which has a worldwide network system and business operations, Türk Prysmian is also subject to the corporate governance principles of the Prysmian Group.

The Company, at all times, carries out business in consciousness of its social responsibilities as regards to relations with the public, customers and suppliers and by adhering to ethical values of the business world, and aims to enhance its studies and activities in this respect.

Türk Prysmian Kablo, the leading company of the cable sector, which has been making contributions to

Turkish capital markets and the Turkish economy, has been the 23rd company in 2009 to be included in the prestigious Corporate Governance Index of Borsa İstanbul A.Ş. ("Borsa İstanbul"), which reflects the company's corporate value, as the result of rating research that was executed by SAHA Corporate Governance and Credit Rating Services Inc. ([www.saharating.com](http://www.saharating.com)) as per the Corporate Governance Principles of Capital Markets Board (CMB), by receiving a Governance Management rating of 7.76 out of 10 (77.58%).

Borsa İstanbul Corporate Governance Rating		
Main Sections	Weighted	Rating (%)
Shareholders	25%	95.36%
Public Disclosure And Transparency	25%	97.99%
Stakeholders	15%	98.14%
Board of Directors	35%	91.93%
Total	100%	95.24%

In 2021, according to the result of rating research that was executed by SAHA Corporate Governance and Credit Rating Services Inc., conducting corporate governance rating researches in Turkey as per the license granted by the Capital Market Board (CMB), related to "Shareholders, Informing the Public and Transparency, Beneficiaries and Board Committee" according to the communiqué regarding amendment of the communiqué (Serial: IV No: 63) on Establishment and Application of Corporate Governance Principles published by the Capital Market Board in Official Gazette no. 28567 dated 22.02.2013, the company received a Governance Management rating of 9.5 out of 10 (95.24%) with 1,21 increase, completely fulfilling the requirements once again and remaining under qualified companies. The rating research was conducted according to the methodology modified and new regulations put into practice by CMB. In the past the grade that was given for meeting mandatory corporate governance principles was 100 points but the new methodology restricts this to 85 points. Those who also make improvements besides fulfilling the mandatory principles receive a rating higher than 85. Enjoying the privilege of being one of the qualified companies, Türk Prysmian Kablo Sistemleri A.Ş. has continued to improve its rating since 2009 by receiving a higher note of 95.24.

You can view the full Corporate Governance Report in our web site ([www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr)) under the category of "Investor Relations" and "Corporate Governance" tab.

In the operating cycle ending as of December 31, 2021, the Company complied with the Corporate Governance Principles published by the Capital Market Board and conducted its activities by adopting these principles with the exception of the following;

- Representation of Minority Shares in the Board of Directors
- Management of Cumulative Voting Rights

The particulars and grounds of non-compliance are clarified in the relevant sections of the report.

Governance Structure: Based on the main parts of the Corporate Governance Principles set out by the CMB, the works carried out by the company during the relevant period, along with other efforts and practices, are detailed herein below:

## PART I - SHAREHOLDERS

### 2. Shareholder Relations Unit

To facilitate the follow-up of shareholder rights, the company operates a “General Accounting & Investor Relations Service” affiliated to “Financial Affairs Department”. Contact info of executives in Shareholder Relations Unit are given below:

Name	Title	Phone:	E-mail
Ercan Gökdağ	Board Member & MEAT Region CFO	(224) 270 3000	tpks@prysmiangroup.com
Nevin Kocabaş*	Investor Relations Manager	(224) 270 3000	tpks@prysmiangroup.com

\*Resigned from her position as of 15.12.2021

The primary duty of this unit is to ensure that shareholders exercise their rights in compliance with the legislation, Articles of Association and other in-house regulations and to take all measures that will enable the shareholders to exercise such rights. Major duties of the unit are as follows:

- Keeping records of shareholders in a proper, secure and up-to-date manner.
- Responding to shareholders' oral or written queries for information regarding the company, excluding undisclosed information that is considered confidential and trade secret.
- Ensuring that the General Assembly meeting is conducted in accordance with applicable legislation, Articles of Association and other in-house regulations.
- Preparing documents to be used by shareholders during General Assembly meeting.
- Keeping records of voting results and ensuring that all reports related to resolutions of the General Assembly Meetings are delivered to shareholders.
- Observing and monitoring all issues regarding public disclosures, including applicable legislation and the company's disclosure policy.
- Carrying out activities for compliance with capital market principles.
- Carrying out activities concerning relations with investors.

Oral or written information requests addressed to this unit, are responded in the shortest time possible and without discrimination among shareholders, and to the extent permitted by the disclosure policy of the company, and excluding information that is considered confidential or trade secret, as per the Capital Markets Legislation, Regulations and Resolution of Capital Market Board.

In 2021, no oral/written complaint regarding exercise of shareholders rights has been directed to our unit or there is no administrative/legal proceeding instituted against our Company regarding the matter concerned to the best of our knowledge.

### **3. Exercise of Rights by the Shareholders to Obtain Information**

During the relevant period, we received requests from the shareholders as regards to attendance in the General Assembly, distribution of dividends, and information requests on other matters. As such requests were generally made on the phone, statistically; it was not possible to quantify the requests and the responses given to such requests. We made our best to timely respond to the information requests from shareholders within 2021 in line with Capital Market Legislation, and Regulations and Resolution of CMB.

In its relations with the shareholders and in general, with the finance community, the Company, being conscious of reciprocal roles, makes utmost effort, at all times, to establish active and transparent dialogue with its shareholders and corporate investors.

Investor may view information on our company in our web site [www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr) , and direct any further enquiries to the following email, phone and fax numbers.

E-mail: [tpks@prysmiangroup.com](mailto:tpks@prysmiangroup.com) Phone: (0224) 270 30 00 Fax: (0224) 270 30 24

In the Company's Articles of Association, there is no reference permission given for appointment of an individual auditor; no demand was made during the operating cycle for appointment of a special auditor.

### **4. Information about the General Assembly**

The General Assembly meets as an Ordinary and as an Extra-ordinary General Assembly. The Ordinary General Assembly may convene either in the Company's Head Office (Mudanya) within a period of 3 months following the company's fiscal period. These meetings may be observed by the stakeholders and press organs.

In 2021, the General Assemblies convened one time at the Company's Head Office, in the form of ordinary meeting (March 31, 2021). The shareholders representing more than 83.75% of the shares attended to the said meetings.

The shareholders are invited to the General Assembly by indicating the place, the time and the agenda of the meeting, and also by announcement. The invitation is effected at least 3 weeks before the meeting in line with the regulations of the Capital Market Board. The date of the invitation and the date of the meeting are not included in the referred period. Moreover, the agenda of the meeting, copy of the power of attorney, and amended form of Company's Articles of Association (if any) are published in the Trade Registry Gazette and in one of the newspapers with circulation all over Turkey and also, and in a local newspaper.

Shareholders may attend the General Assembly Meeting, in person or by proxy, in physical environment or electronic environment. Attending the General Assembly in electronic environment is possible by secure e-signatures of shareholders or their proxies. Therefore shareholders who will use Electronic General Assembly System must first register in e-MKK Information Portal launched by from Central Registry Agency (MKK) and add their contact info in the system, and they must also obtain a secure e-signature.

In the General Assembly meeting, the shareholders are given equal opportunities to exercise their right to ask

questions and to submit their recommendations. Shareholders or other participants who wish to make a speech on the agenda subject being discussed shall notify the Chairing Authority of their request. The Chairing Authority shall announce in the meeting those who will take the floor and shall give the floor to the speakers in the order of their application. If the relevant person whose turn has come is no longer present at the meeting, he/she will no longer have the right to speak. The speakers must address the general assembly at the area designated for such use. Speakers are allowed to exchange their turns to speak. If the speaking time is limited, the person whose time has expired can only continue his/her speech to the extent the next speaker allows him/her to continue, and in any event the speaker is still limited with the time limit allocated for the next speaker. Speaking time cannot be extended in any other way.

The chairman may give the floor to the members of the board of directors and the auditor, upon their request, irrespective of the order of the speaker list.

The period of the speeches shall be decided by the General Assembly upon the recommendation of the chairman and shareholders considering the intensity of the agenda, number of the subjects to be discussed, significance of the agenda subjects and the number of participants requesting to make speech. In such situations, the General Assembly shall make separate voting to decide in the first place, if there is a need to limit the speech periods and thereafter to decide the periods of the speeches.

The meeting chairman shall enable any question to be asked by the shareholders through the meeting and any question not in the nature of commercial secret to be answered. If a question is not related with the agenda or too comprehensive to be answered at once, it shall be answered in written form by the Investor Relations Unit at latest in 30 business days. If such a situation exists, the meeting chairman shall explain this the participant who asked the question and inform the shareholder that the answer will be provided on a later date.

**As indicated in the Company's Articles of Association, the General Assembly is authorized to make the decisions indicated below:**

- Acceptance of the Board of Directors' Report and the Auditor's Report,
- Review and approval of the Balance Sheet, Profit and Loss Account and the use of net profit and determination of profit share subject to distribution,
- Determination of number of Directors; and election, dismissal, removal re-election and remuneration of the same,
- Determination of number of auditors; and election and remuneration of the same.

**Performance of the activities listed below requires prior or subsequent approval or acceptance of the General Assembly:**

- Annual investment and finance plan prepared by the Board of Directors,
- Purchase and sale of real estate and mortgage of Company's real estate;
- Establishment of branches and partnerships (sub - branches), and acquisition or sale of participations,
- Starting to work in new production areas;
- Other businesses and transactions required in the Turkish Commercial Code.

The shareholders may have access to the minutes and List of Attendants of the General Assembly meeting from the Company's Head Office, the Company's internet site ([www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr)) via the relevant links under the "Investor Relations" section and the internet site of KAP (Public Informing Project) System's web page ([www.kap.gov.tr](http://www.kap.gov.tr)) as well as from the archives of Turkish Trade Registry Gazette retained at Bursa Trade Registry Office.

## **5. Voting and Minority Rights**

None of the shareholders of Türk Prysmian Kablo ve Sistemleri A.Ş. has a preferential or privileged voting right; all the votes have the same weight. Minority rights are regulated according to the relevant provisions of the Turkish Commercial Code.

The shareholders may be represented in the General Assembly by other shareholders or by third parties, however, the regulations of the Capital Market Board as regards to voting by proxy are reserved.

The cumulative voting right in order to ensure representation of minorities in the Board of Directors is not included in the Company's Articles of Association. As a matter of fact, since there is not any general tendency about the use of cumulative voting rights in the practices of the companies, the risks or benefits of the said method could not be observed.

## **6. Dividend Policy and Profit Distribution Time**

There is no privilege as regards to participation in the company's profit and Profit Distribution Policy as determined in the Ordinary General Assembly meeting dated March 31, 2021 is indicated below;

*Company passes its resolution to distribute dividend in the direction of Company's long-term financial state including its investment and financial needs and market projections, pursuant to the provisions of the Turkish Commercial Code, Capital Market Law, Tax Law and related legislation, and provisions of Articles of Association relating to profit distribution. The dividend policy of the Company is based on consistently balancing the interests of the shareholders and the Company.*

*The General Assembly shall determine the dividend to be distributed, form and time of distribution upon relevant proposal drawn up by the Board of Directors in accordance with the Capital Market Law. Dividend shall be distributed equally to all of the shares existing as of the date of distribution, regardless of their dates of issuance and acquisition.*

*No real person is entitled to receive privileged share from the Company's distributable profit."*

## **7. Transfer of Shares**

There is no provision in the Company's Articles of Association restricting transfer of shares; provisions of Articles 490-491 of the Turkish Commercial Code are applied in case of any demand by a shareholder for transfer of whole or part of registered shares owned by him.



## PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

### 8. Company's Disclosure Policy

Any and all kinds of communication with external sources regarding to Company's documents and information is performed -at all times in consultation with the General Manager- by the Public Relations in respect of communications with the press, and by the Investor Relations Management as regards to corporate investors, competent authorities and shareholders.

The Company undertakes to ensure equal treatment for all categories of shareholders by avoiding any preferential treatment. With the exception of those considered as trade secrets, the Company responds all the questions pursuant to the equity and impartiality principles and ensures establishment of constant communication between the management and the shareholders in accordance with the existing legislation.

**Disclosure policy** is disclosed for the first time to public in the Company's activity report accompanied by Corporate Governance Report for the year 2004. In 2010, the definition of "*Trade Secret*" is added to the policy and approved by the General Assembly, and the **Disclosure Policy** revised and updated in 2014 is disclosed to the public in the "Investor Relations" section of the Internet Site.

### 9. Declaration of Special Status

Number of Declarations Issued on Special Status in 2021: **37**

Number of Additional Declaration Requests made by the CMB and Borsa Istanbul: **None**

There is no sanction (written warning) applied by the Capital Market Board or Borsa Istanbul against failure to provide declaration on special status in time.

Since the company shares are not quoted abroad, no special status declaration has been made at a stock exchange, other than Borsa Istanbul.

### 10. Company's Internet Site and Content

The investors may have access to the relevant documents such as the Company's Annual Report and Ethical Code both in Turkish and in English on the web site (**[www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr)**). The Company uses its website actively to interact and communicate with its shareholders in a more efficient and quick manner as required by Corporate Governance Principles of the CMB. Information on our web site is continuously updated under the responsibility of Investor Relations Unit. Information disclosed on the corporate website must have the same content of the statements made within the frame of relevant provisions of the law, and must not include any inconsistent or incomplete information.

On the corporate web site of the Company, the following information concerning the last five years must be disclosed to the investors along with the information required under the law:

- Trade register information, up-to-date final shareholder structure,

- Latest status of Board members and top level executives,
- Latest status of the Company's Articles of Association (AOA) and date / number of the Trade Registry Gazette where the amended form of the AOA is published,
- Board of Directors resolutions,
- Board of Director committees,
- Activity reports,
- Declaration of Special Status,
- Corporate Governance Observance Report,
- Code of Ethics
- List of Attendance, agenda and minutes of General Assembly meetings, proxy format,
- Periodical financial tables and independent audit reports,
- Company Policies,
- Public offering explanations and circulars,
- News and frequently asked questions.

#### 11. Disclosure of the Persons Having Potential for Insider Trading

None of the employees of Türk Prysmian Kablo ve Sistemleri A.Ş. is allowed to deal in purchase and sale of share certificates belonging to Türk Prysmian Kablo ve Sistemleri A.Ş. on the basis of the information obtained by virtue of office.

The names of the BOD Directors, Members of Auditors' Board and Top Level Executives are listed in the Company's Activity Report and Investor Relations Section of the Internet site.

The names of the people having the potential for insider trading as of 31.12.2021 are given herein below;

EXECUTIVE MANAGEMENT:	
<b>Halil İbrahim Kongur</b>	Board Chairman & Factory Director
<b>Ülkü Özcan</b>	Board Vice Chairman & General Director
<b>Ercan Gökdağ</b>	MEAT Region CFO & Board Member
<b>Maria Cristina Bifulco</b>	Board Member
<b>Robert Van Veen</b>	Board Member
<b>Mine Ayhan</b>	Independent Board Member
<b>Banu Uzgur</b>	Independent Board Member
<b>İsmet Su</b>	Independent Board Member
<b>Ahmet Cem Avcioğlu</b>	Financial Affairs Director
<b>İbrahim Etem Bakaç</b>	Domestic Sales Director
<b>İ.Bertan Bilgin</b>	Logistics Manager
<b>Ufuk Çolak</b>	Telekom Sales Director

<b>Aysun Kalmık</b>	Human Resources Director
<b>Faik Kürkçü</b>	Utilities and contracting Sales Director
<b>Gamze Keçeci</b>	Oil & Gas Senior Sales Manager
<b>Mert Erden</b>	Industrial and Renewables Director
<b>Tamer Yavuztürk</b>	Marketing and Business Intelligence Manager
<b>Murat Tezcan</b>	Export Sales Director
<b>Yiğit Türsoy</b>	Legal Affairs Director
<b>İdris Çolakgil</b>	Information Technologies Director
<b>Halil Erbi</b>	Accounting Manager
<b>Erdoğan Yüksel</b>	R&D Manager
<b>Nedim Yıldız</b>	Quality Manager

<b>TAX AUDIT COMPANY: (Mazars-Denge Yeminli Mali Müşavirlik A.Ş.)</b>	
<b>Şevki Boran</b>	Certified Public Accountant
<b>Nazan Yücetaş Boran</b>	Certified Public Accountant

<b>INDEPENDENT AUDIT COMPANY: (PWC Bağımsız Denetim ve SMMM A.Ş.)</b>	
<b>Özgür Beşikçioğlu</b>	Cap Auditor
<b>Can Çelebi</b>	Auditor

<b>OTHERS:</b>	
<b>İsmail Çınar Ergin</b>	Designer (Aristo İletişim Danışmanlığı ve Reklam Tic. Ltd. Şti.)

## PART III - STAKEHOLDERS

### 12. Notification of Stakeholders

The basic management principles which regulate the relations between the Executive Management, shareholders, employees of the Company and third parties (customers, suppliers and any person or organization with which the company has relation) are indicated below.

**Honesty:** We make every endeavor to ensure strict adherence to the honesty principles in all our business activities and our relations with our clients, employees, shareholders and other companies, institutions and organizations.

**Reliability:** We furnish clear, rational and correct information to our customers, shareholders and employees, and provide all the services as required by our undertakings.

**Impartiality:** We do not have sexual, religious, lingual, racial and ethnical prejudice against our customers, suppliers, employees and shareholders.

**Observance:** We respect all laws, legislations and standards.

**Secrecy:** Excluding the authorities designated by the law, we do not share with any person or organization the information relating to the transactions executed with respect of our Shareholders, customers, suppliers, employees and business partners.

**Transparency:** Excluding the information considered as trade secret and those not yet disclosed to public, we publicize all information whether of financial nature or not in the most accurate, complete, rational, interpretable and accessible manner according to the relevant legislation.

**Social Responsibility:** In our practices and investments, utmost attention is given to the particulars such as social benefits and improvement of our sector and conservation of reliability, as well as effective Company image and the activities are carried out in full respect to all the arrangements made for the protection of environment, consumer and public health. The stakeholders are notified through the Internet site and the Borsa Istanbul by issuing special status declaration. Further to this announcement, the agenda of the General Assembly is informed to the attendants in the Trade Registry Gazette and the decisions passed in the meeting are also published in the Trade Registry Gazette in the most distinct and understandable manner. Moreover, information is given to the Capital Market Board (CMB), Ministry of Industry and Undersecretariat of Treasury and necessary permissions are obtained by the Company from the said authorities. The public announcements relating to the General Assembly meetings are made in one of the local and national newspapers. Additionally, the Company employees are notified through intranet system, general circulations by e-mail and annual presentation meetings.

**Please See:** Article 8 - Company's Disclosure Policy

**Please See:** Information on Prysmian Group Values and Ethical Code are available on <https://tr.prysmiangroup.com/tr/etik-degerler> / Article 9 – Disclosure Policy

### **13. Participation of Stakeholders in the Management**

Participation of stakeholders in the management is enabled in the General Assembly meetings according to the principles set out by the Capital Market Board for the shareholders; as to suppliers and customers, necessary arrangement is made in the meetings with the suppliers, customers and dealers; and as to the employees, in meetings held at least two times a year to evaluate the Company's activities and to furnish information about the Company's targets and strategies and to receive feedback as well. Moreover, by encouraging team work to develop work conduct procedures and processes undertaken by the Company's employees, special project groups are created.

### **14. Human Resources Policy**

Human Resource policy is disclosed in the "Investor Relations" section of the Company's Internet site. The Company offers transportation and food allowances to all employees. Moreover white collar workers receive health insurance.

**Please See:** Prysmian Group Values and Code of Ethics / Article 6 - Human Resources

## **15. Information regarding Relations with the Customers and Suppliers**

**Please See:** Prysmian Group Values and Code of Ethics / Article 4 - Customers

## **16. Social Responsibility**

Türk Prysmian Kablo ve Sistemleri A.Ş. is the holder of ISO 14001 Environment Management System certificate since 1997. The environmental effect of business activities, and the services purchased by our Company are determined within the frame of ISO 14001 Environment Management System and studies are carried out continuously for elimination or minimization of these affects. All of these studies are performed with the philosophy of continuous improvement and in full compliance with the Türk Prysmian Kablo ve Sistemleri A.Ş. Environment Policy defined by the top management.

The legal obligations relating to environment are followed and fulfilled at all times, without failure. Türk Prysmian Kablo ve Sistemleri A.Ş. holds all the legal permissions required in respect of environment. These permissions may be listed as Emission Permission, Opening License for the 1st Class Non - Sanitary Establishments and Provisional Storage Permission for hazardous refuses. The activities carried out by Türk Prysmian Kablo ve Sistemleri A.Ş. are not within the scope of Environmental Impact Assessment (EIA) Regulation. There exists an official letter obtained from the Bursa Provincial Office / Environment and Forestry Directorate, in charge of environmental affairs, indicating that our Company is not subject to preliminary survey in respect of EIA. The Company passed the ISO 27001:2013 Information Security Management System Certification audit in 2015 with "zero non-compliance".

No law suit has been filed against our Company for causing environmental pollution. Our company provides for the recycling (if applicable), or the disposal (if recycling is not applicable) of all of the wastes attributable to the Company in accordance with the related regulations within the scope of Environmental Legislation. Our Company supports social, cultural and various sporting activities within the scope of our sustainability commitments and Prysmian Group principles, and also, participates in and makes contributions, both in cash and in rem, to the public institutions and organizations.

**Please See:** Article 13 - Notification of Stakeholders/Social responsibilities

**Please See:** Prysmian Group Values and Code of Ethics / Article 5 - Society and Article 7 - Environment

## **PART IV - BOARD OF DIRECTORS**

### **17. Structure, Formation and Independent Members of the Board of Directors**

In the Company's Articles of Association, it is expressly stated that the tasks and responsibilities of the Board of Directors are subject to the basic provisions defined pursuant to Turkish Commercial Code and the adaptations in the Company's Articles of Association. The formalities relating to appointment, re-election, qualification and replacement of the Board of Directors are performed according to the Company's Articles of

Association and the provisions of Turkish Commercial Code.

#### Structure of The Board Of Directors

POSITION	MEMBERS	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT
Chairman	Halil İbrahim Kongur	X		
Vice Chairman	Ülkü Özcan	X		
Member	Ercan Gökdağ		X	
Member	Maria Cristina Bifulco		X	
Member	Robert Van Veen		X	
Member	Mine Ayhan			X
Member	İsmet Su			X
Member	Banu Uzgur			X

POSITION	MEMBERS	FIRST APPOINTMENT	LAST APPOINTMENT
Chairman	Halil İbrahim Kongur	30.03.2012	31.03.2021
Vice Chairman	Ülkü Özcan	01.06.2021	01.06.2021
Member	Ercan Gökdağ	31.03.2017	31.03.2021
Member	Maria Cristina Bifulco	08.07.2020	31.03.2021
Member	Robert Van Veen	09.08.2021	09.08.2021
Member	Mine Ayhan	30.03.2020	31.03.2021
Member	İsmet Su	30.03.2018	31.03.2021
Member	Banu Uzgur	30.03.2018	31.03.2021

#### 18. Characteristics of Board Members

Age Profile of Board Members;

AGE GROUP	18-30	31-40	41-50	51-60	61-65	66-70	71 and Over:
Number of Persons	-	-	4	2	1	1	-

The Board of Directors is composed of members who have knowledge and ability to understand and analyze the financial tables, and legal know - how to conduct daily operations and the long term activities of the Company, which includes expertise in various fields in such a way to declare opinion relating to company's management. The Board Members are nominated among the persons with higher education and who have knowledge on the Company's field of activity and adequate experience gained through services in private sector.

The number of independent members required for the Board Members and their credentials are determined according to corporate management regulations of the Capital Market Board. The Board of Directors members have been elected by the General Assembly in accordance with the Capital Market Regulations, Turkish Commercial Code and Articles of Association. The entire independent Board of Directors members shall be

persons domiciled in Turkey as required by Income Tax Code.

Moreover, the declaration of independence made by the independent members of Board of Directors is as follows:

### **Declaration of Independence**

I hereby declare with regard to my appointment as an "Independent Member" of Board of Directors of Türk Prysmian Kablo Sistemleri A.Ş and as required by the Corporate Governance Principles of the Capital Markets Board;

- In the last five years, I, my spouse and my up to third degree blood or affinity relatives has not engaged in in any direct or indirect employment, capital or any significant commercial relationship with Türk Prysmian Kablo Sistemleri A.Ş, any one of related parties of Türk Prysmian Kablo Sistemleri A.Ş or any legal entity related, by means of management or capital, to the shareholders who hold directly or indirectly 5% or more of the capital of Türk Prysmian Kablo Sistemleri A.Ş.,
- In the last five years, I am not or have not been employed by or have not been a member of the board of an entity which performs all or some of contracted activities and organization of Türk Prysmian Kablo Sistemleri A.Ş, including in any rating or consultancy company which rate, audit or provide consultancy to Türk Prysmian Kablo ve Sistemleri A.Ş.,
- In the last five years, I have not been a partner, employee or board of directors member in any company which provides significant amount of services and products to Türk Prysmian Kablo Sistemleri A.Ş,
- I do not hold more than 1% share in Türk Prysmian Kablo Sistemleri A.Ş and that I do not hold any privileged share,
- I have skills, professional knowledge and expertise to fulfill my duties as an independent board member,
- I have not worked full-time in any public institution and office.
- I am domiciled in Turkey as required by Income Tax Code,
- I am capable to contribute positively to the operations of Türk Prysmian Kablo ve Sistemleri A.Ş., to maintain my objectivity in conflicts of interests between the shareholders, and I have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,

Yours respectfully.

Türk Piyasası Kablo ve Sistemleri A.Ş. Yönetim Kurulunda mevcut, esas üslup ve Sermaye Piyasası Kurulu tarafından düzenlenen 17.1 sayılı Kurumsal Yönetim İlkeleri Tebliği kapsamında "Bağımız Öye" statüsü görev yapmaya hazır ve aday olduğuna ve aday gösterilene dolayısıyla Sermaye Piyasası Kurulu Kurumsal Yönetim İlkeleri Tebliği madde 4.3.7 maddesi

- [illegible]

Saygılarımla,  
BANU UZGUR

BANU UZGUR

**Banu Uzgur**  
**Independent Board Member**

In order to ensure effective conduct of risk management, Risk Management Division has been put into operation as of 2002. This division developed processes and implemented projects for effective risk management applicable within the Company and Prysmian Cables and Systems Group. The purpose here is to effectively monitor the risks through daily reports in order to collect receivables in a timely manner.



The internal audit system of the Company is organized in such a way to provide appropriate clarification on all the Company's activities and to ensure an adequate auditing system. The responsibility regarding internal auditing system lies with the Board of Directors, and the Board of Directors, besides providing the major guidelines of the system, undertakes verification of sufficiency and effectiveness of the audit system.

The Audit Committee comprises of three Directors. The three Directors hold office in the Board of Directors, and they are not directly engaged in Company's activities and management. The Audit Committee meets regularly as indicated in the relevant communiqué of the Capital Market Board and the representative of the External Auditing Company may be invited to these meetings.

The aim of the Audit Committee is to provide assistance to the Board of Directors during fulfillment of long - term obligations as regards to accounting and finance reporting applications, policies and procedures, as well as evaluation of quality and risk management of Company's internal auditing systems.

The internal auditing and periodical audit activities ensure accomplishment of necessary controls to observe whether compliance with the procedures, policies and strategies is achieved or not. Apart from the audit functions of the Internal Audit Division, the Internal Audit Department of Prysmian Cables and Systems Group performs internal auditing of Türk Prysmian Kablo ve Sistemleri A.Ş., in addition to the auditing services rendered regularly by the External Audit Company.

Furthermore there is also a Planning and Control Division which presents detailed monthly reports to the Managing Director and Executive Management and provides useful and comprehensive information for the following specific activities.

Information regarding to relations with the independent audit company, PwC Bağımsız Denetim Ve Serbest Muhasebeci Mali Müşavirlik A.Ş: <http://www.pwc.com/tr/tr> and information regarding tax audit company, MAZARS-DENGE: <http://www.mazarsdenge.com.tr>

## **21. Authorities and Responsibilities of the Board Members and Executives**

### **The Board of Directors performs the following tasks:**

- Review and approval of strategic, corporate, industrial and financial plans,
- Delegation of necessary powers to the Managing Director, withdrawal of authorization, and determination of limits of authority as well as form and duration of authorization,
- Regular comparison of the results with the budgets, and by taking into account the information received from the Internal Audit Committee and Managing Director, and giving special attention to conflicts of interest, observation of general performance in this field,
- Passing of resolutions relating to immovable property, in kind,
- Issuance of share certificates and debentures,
- Establishment of partnerships in the newly incorporated or existing corporations and institutions,
- Review and approval of the transactions having economic and financial affect, or special influence on equity capital by showing due consideration to the transactions of the related parties,

- As organized by the Managing Director, verification of the organizational status and the adequacy of the administrative structure of the Company,
- Furnishing of information to the shareholders about the General Assembly meetings.

The powers and responsibilities of the Board of Directors are clearly defined in Article 10 of Articles of Association; as the powers and responsibilities conferred upon the Board of Directors may be subject to change at any time bound to dynamic structure of the Company and the business life, it is deemed necessary to detail the powers and responsibilities in the corporate signature circular.

## **22. Fundamentals to Activities of The Board Of Directors**

The Board of Directors meets at least in quarterly periods. Unless otherwise is agreed, the Board Members are equipped with necessary documents and information within a reasonable time before the meeting in order to allow them to express their opinion about the issues subject to argument.

There is a Board Secretariat responsible for supply of information to the Board Members and establishment of communication with the directors. Although our Company has no reserve about inscription of the detailed and reasonable justification of negative vote and notification of company auditors and public opinion at times when different opinion is declared in the Board meeting and /or opposition is raised to the resolution passed by the Board; since such a situation was not encountered, no such application was effected to this day.

Company pays careful attention to actual participation to Board Meetings on the matters specified in article 2.17.4 of section IV of the CMB corporate Governance Principles. Questions of the members raised during the meeting are reflected in the resolution. In order to ensure equal positioning among members, no member has been granted the right to veto or weighted vote.

Board of Directors could not convene physically during the 2021 operating cycle due to pandemic, all meetings were held via applications such as Skype and Teams. 80% of the Board members have physically attended these meetings.

## **23. Restrictions of Competition and Transaction with the Company**

In the Ordinary General Assembly which takes place every year, the Board Members are liberated by our shareholders according to Articles 334 and 335 of the Turkish Commercial Code.

## 24. Code of Ethics

A pyramid structure is adopted in our system in respect of applicable principles and procedures, and this system can be summarized as follows:

**Code of Ethics:** These rules encompass the general principles - transparency, equity and loyalty - which form the business relations of the Company in every level. Our Company, with the belief that business ethics must be pursued alongside business success, carries out its internal and external transactions in accordance with the principles set out in this Code.

**Internal Audit System:** This system is a population of “instruments” with a view to reaching reasonably the targets regarding operational efficiency and effectiveness, reliability of financial and administrative information, observance to laws and legislation, and even protection of the Company’s assets against possible fraud. The internal audit system which is based on common practices and defined within this frame, is applied to all corporate levels

**Lines of Conduct:** The Lines of Conduct stipulate special rules concerning relations with the representatives of the Public Administration, and these rules classify good lines of conduct as “performable”, and bad lines of conduct as “non-performable”, and by this way, provide clear definition of major operational practices stipulated in the Code of Ethics.

**Internal Executive Procedures and Policies of the Company:** These items cover the main business areas as a natural extension of the internal audit system. Therefore, they determine the internal rules concerning the main activities of the Company.

Türk Prysmian determines organizational principles and intra-structure relating to employees and executives by adopting procedures and policies covering Personnel rights, Recruitments, Purchasing / Sales activities, Investments, Protection of Environment, Information Systems, Inventory, and Intellectual Property Rights. All the procedures and policies are presented to the employees in the updated form on the intranet page of the Company.

Also, **Please See** Prysmian Group Values and Code of Ethics

## 25. Number and Structure of the Committees Formed Within Board of Directors and Liberty of Action

Committee	Number of Annual Meetings (minimum)	Number of Members	Number of Independent Members
Audit Committee	4	3	3

**Members of Audit Committee:** İsmet Su, Mine Ayhan, Banu Uzgur

Committee	Number of Annual Meetings (minimum)	Number of Members	Number of Independent Members
Early Detection of Risk and Risk Management Committee	6	3	3

**Members of Early Detection of Risk and Risk Management Committee:** Mine Ayhan, Banu Uzgur, İsmet Su

<b>Committee</b>	<b>Number of Annual Meetings (minimum)</b>	<b>Number of Members</b>	<b>Number of Independent Members</b>
Corporate Governance Committee	4	3	2

**Corporate Governance Committee Member:** Banu Uzgur, İsmet Su, Nevin Kocabaş\*

\*Resigned from her position as of 15.12.2021

**Investor Relations:** The functional manager has informed the Board of Directors of the activities carried out throughout the year and drawn up and presented to the BoD the report referred in Article 11 of the Communiqué on Corporate Governance.

It has been established to assign the Corporate Management Committee to perform the functions of **Candidate Determination and Pricing Committees** in accordance with the Communiqué Serial IV 56 for Determination and Implementation of Corporate Management Principles, Article 4.5.1 published by Capital Markets Board and this resolution also includes the Corporate Management Working Principles, the functional areas and working principles of such committees.

All committees conduct their duties properly in accordance with their working principles and in line with the legislation.

The detailed information relating to the working principles of all the committees has been presented to the public in the “*Investor Relations*” section on our web site.

Assessment related to Internal Audit, Internal Control and Risk Management Systems in the Year 2021 Operating Cycle

Prysmian Group active in cable industry has adopted adequate internal audit, internal control and risk management systems (internal systems) in line with its activities and business branches. Aiming to monitor and manage the risks arising from the activities of the company, both the local regulations and Prysmian Group requirements have been considered while establishing the internal systems. The internal systems meet the principles of independency, impartiality, effectiveness, adequacy, and division of powers in the entire organization. All our activities and business processes target customer satisfaction, sustainable income production and rising the economic interests of the shareholders with consideration of risk sensitive capital management. Prysmian Group Board of Directors is responsible for adopting and managing the internal systems in line with the applicable regulations, and financial control and audit activities within the scope of this responsibility shall be supervised via Committee responsible for the Audits. Audit Committee performs this function by detailed examination of the reports provided by the Audit Department which has been obliged to financially review, audit and report the efficiency of our processes; and instructs the company management accordingly and present any issue, as deemed necessary, to the information and approval of Board of Directors. The Audit Committee functions under the structure and coordination of Board of Directors. Audit Directorate financially reviews efficiency of the entire business processes of the company, and tests the existence,

effectiveness and practice levels of the respective audit mechanisms and determines required actions, if any, together with operations units. It reports the results of its works and activities to the Audit Committee.

## **26. Financial Rights of the Board of Directors**

The rights of the BOD Members are agreed upon in the General Assembly meeting; no award is considered in determination of financial rights of the BOD Members depending on their individual performance and reflecting the performance of the Company. Gross payment effected in favor of Independent BOD Members during the year 2021 is TRY 455,400. No other payment has accrued and made in year 2021 to any members of the Board and executive management of the company. During the period no debt has been granted to any members of the Board and Top Manager of the company, no credit has been utilized by them and none of them has used benefits through third persons as well as no guarantees in favor of them.

## **9- LAWSUITS FILED AGAINST THE COMPANY THAT MAY AFFECT COMPANY'S FINANCIAL STATUS:**

Provision for litigation risks set aside against any possible risk is TRY 886,642 as shown under footnotes of financial statements, yet there is no major litigation that may affect the financial status of our Company.

## **10- ADMINISTRATIVE OR CRIMINAL SANCTIONS IMPOSED AGAINST THE COMPANY AND MEMBERS OF THE COMPANY'S MANAGING BODIES DUE TO ANY CONDUCT IN VIOLATION OF THE LAW**

There is no sanction existing as of 1 January - 31 December 2021 imposed against the company and members of the company's managing bodies due to any conduct in violation of the Law.

## **11- ORDINARY/EXTRAORDINARY GENERAL ASSEMBLY MEETINGS HELD IN THE PERIOD**

An Ordinary General Assembly meeting for the year 2020 was held on March 31, 2021. The results of the meeting were published on Turkish Trade Registry Gazette dated 31.03.2021. Results of Ordinary General Assembly Meetings are presented to our shareholders on Public Disclosure Platform (KAP), our website ([www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr)) and in our company page on the information portal of Central Registry Agency (MKK).

Results of Ordinary General Assembly Meetings are presented to our shareholders on Public Disclosure Platform (KAP), our website ([www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr)) and in our company page on the information portal of Central Registry Agency (MKK).

## **12- CAPITAL INCREASE, AMENDMENT OF ARTICLES OF ASSOCIATION AND DIVIDEND DISTRIBUTIONS MADE WITHIN THE PERIOD**

Articles of Association of our Company have not been amended in the activity period 01.01.2021- 31.12.2021.

Please see the final version of the Articles of Association on [www.prysmiangroup.com.tr](http://www.prysmiangroup.com.tr), [www.kap.gov.tr](http://www.kap.gov.tr).

## Dividend Distribution Proposal of the Board of Directors for the fiscal year 2021

### **Dividend Distribution Proposal**

In consideration of the provisions of Turkish Commercial Code, Capital Market Legislation, Capital Market Law, Capital Market Board ("CMB"), Regulations/Decisions/Directories, Corporate Tax Law, Income Tax Law, Tax Procedural Law and other relevant legal statutes, the relevant provisions of the Articles of Association of our Company and publicly disclosed "Profit Distribution Policy"; it has been unanimously resolved by the undersigned members;

To distribute the dividend of TRY 11,494,822 which is also equal to 5,30 % of the issued capital of the Company, to our shareholders in cash, as of 25 May 2022; thus distributing net TRY 0.047732965 per share with a nominal value of TRY 1, following of deduction of 10% tax to be calculated over gross TRY 0.053036628 and to retain all the outstanding balance as the "Extra-Ordinary Reserve";

To submit above dividend distribution proposal to the approval of the General Assembly regarding the fiscal year 2021 and notify the shareholders.

We present it to your information.

### **13- RISK MANAGEMENT AND INTERNAL AUDIT MECHANISM**

In order to ensure effective conduct of risk management, Risk Management Division has been put into operation as of 2002. This division developed processes and implemented projects for effective risk management applicable within the Company and Prysmian Cables and Systems Group. The purpose here is to effectively monitor the risks through daily reports in order to collect receivables in a timely manner.

The internal audit system of the Company is organized in such a way to provide appropriate clarification on all the Company's activities and to ensure an adequate auditing system. The responsibility regarding internal auditing system lies with the Board of Directors, and the Board of Directors, besides providing the major guidelines of the system, undertakes verification of sufficiency and effectiveness of the audit system.

The Audit Committee comprises of two Board members. These two Directors hold office in the Board of Directors, and they are not directly engaged in Company's activities and management. The Audit Committee meets regularly as indicated in the relevant communiqué of the Capital Market Board and the representative of the External Auditing Company may be invited to these meetings.

The aim of the Audit Committee is to provide assistance to the Board of Directors during fulfillment of long - term obligations as regards to accounting and finance reporting applications, policies and procedures, as well as evaluation of quality and risk management of Company's internal auditing systems.

The internal auditing and periodical audit activities ensure accomplishment of necessary controls to observe whether compliance with the procedures, policies and strategies is achieved or not. Apart from the audit functions of the Internal Audit Division, the Internal Audit Department of Prysmian Cables and Systems Group performs internal auditing of Türk Prysmian Kablo ve Sistemleri A.Ş., in addition to the auditing services rendered regularly by the External Audit Company.

Furthermore there is also a Planning and Control Division which presents detailed monthly reports to the Managing Director and Executive Management and provides useful and comprehensive information for the following specific

activities.

Information regarding to relations with the independent audit company, PwC Bağımsız Denetim Ve SMM A.Ş:

<http://www.pwc.com/TR/tr>

and information regarding tax audit company, MAZARS-DENGE:

<http://www.mazarsdenge.com.tr>

### **Assessment related to Internal Audit, Internal Control and Risk Management Systems**

Prysmian Group active in cable industry has adopted adequate internal audit, internal control and risk management systems (internal systems) in line with its activities and business branches. Aiming to monitor and manage the risks arising from the activities of the company, both the local regulations and Prysmian Group requirements have been considered while establishing the internal systems. The internal systems meet the principles of independency, impartiality, effectiveness, adequacy, and division of powers in the entire organization. All our activities and business processes target customer satisfaction, sustainable income production and rising the economic interests of the shareholders with consideration of risk sensitive capital management. Prysmian Group Board of Directors is responsible for adopting and managing the internal systems in line with the applicable regulations, and financial control and audit activities within the scope of this responsibility shall be supervised via Committee responsible for the Audits. Audit Committee performs this function by detailed examination of the reports provided by the Audit Department which has been obliged to financially review, audit and report the efficiency of our processes; and instructs the company management accordingly and present any issue, as deemed necessary, to the information and approval of Board of Directors.

The Audit Committee functions under the structure and coordination of Board of Directors. Audit Directorate financially reviews efficiency of the entire business processes of the company, and tests the existence, effectiveness and practice levels of the respective audit mechanisms and determines required actions, if any, together with operations units. It reports the results of its works and activities to the Audit Committee.

### **Aids and Donations Made Within the Period**

The upper limit for donations to be made in the year 2021 is determined as TRY 500,000 in the Ordinary General Assembly meeting held on 31.03.2021.

## **14- EMPLOYEE BENEFITS**

As of Friday, December 31, 2021 the Group employs on average 571 personnel in a year (Thursday, December 31, 2020: 520). The Company offers transportation and food allowances to all employees. Moreover white collar workers receive health insurance.

### **Benefits to Top Level Management**

The rights of the BOD Members are agreed upon in the General Assembly meeting; no award is considered in determination of financial rights of the BOD Members depending on their individual performance and reflecting the performance of the Company.

Benefits provided to senior management during the term are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Wages and other short term benefits	9,661,654	6,067,462
Other long-term benefits	10,139	11,308
	9,671,793	6,078,770

### **Collective Labor Agreements**

As per the collective labor agreement executed by United Metal Workers' Union (Birleşik Metal İş) and Turkish Employer's Association of Metal Industries (MESS) that our company is a member of, our Company is subject to Collective Labor Agreement for the period September 1, 2021 - August 31, 2023.

### **15- DERIVATIVE TRANSACTIONS**

The Company uses foreign currency derivative tools in order to protect future significant transactions and cash flows against financial risks. The Company is a party to certain foreign currency forward contracts based on management of fluctuations in foreign currency exchange rates. Purchased derivative financial instruments are mainly of kinds of foreign currency available in the market where the Company operates. All forward exchange transactions are made in the form of forward contracts.

### **16- INVESTMENT INCENTIVE PRACTICES**

As per the Law no. 5746 on Supporting research and Development Activities, we receive incentives and support granted for R&D Centers.

We were granted an investment incentive for "production of insulated wires and cables" on June 26, 2018 within the scope of Reduced Corporate Tax. The incentives granted is classified under Zone 1 according to tax incentive legislation and provides tax incentive of 15%. In the Company's statement of financial position, a reduction is made in the corporate tax for the current period according to the amount of investment spending.

### **17- PRINCIPLES OF SUSTAINABILITY COMPLIANCE STATEMENT**

With the introduction of the amendment of the Corporate Governance Communiqué no. II-17.1 (published in Official Gazette No. 28871 dated 03/01/2014), which was published in the Official Gazette No 31262 of 2 October 2020, the



Capital Market Board has made it compulsory for the companies to include in their annual activity reports, an explanation as to whether they apply the sustainability principles issued by the Capital Market Board or not, and if not the justified reason thereof, as well as an explanation regarding the effects of such non-compliance on the environment and social risk management; and it was also regulated with the amendment that in the event any major change is made regarding the above referred explanations, these changes will be indicated in the interim activity reports. In this respect, the aim of the CMB is to ensure compliance with most of the principles stated in the "Sustainability Principles Compliance Framework" on the basis of "comply or disclose" basis introduced. However, full compliance with some of the principles has not yet been achieved due to the challenges encountered in the implementation of some principles, ongoing debates both in Turkey and in other countries about compliance with specific principles, and the unsuitability of certain principles with regard to current structure of the company and the company and the fact that studies are ongoing on the principles which are yet to be implemented. The Company plans to implement these principles not yet implemented, in a manner that will contribute to the efficient governance of the company.

As Türk Prysmian Kablo, having 56 years of history in Turkey and being part of Prysmian Group with 130+ years of experience globally, we put strong dedication to be a sustainable company. With this intent, we are embedding economic, social and environmental responsibility in all aspects and activities of our business; leading this challenging cultural transformation with a strong plan vigorously.

This transformation can only be done by a strategic approach; planning the future in a responsible manner, involving and listening to all internal and external stakeholders, closely monitoring industry and global economy and executing an action plan that serves business, environment and society.

In order to develop this strategic approach, we created a Sustainability Committee; coming from diversified backgrounds, gender, age, past experience, location and departments of the company, together with the leadership of the project and coordination teams and the sponsorship of the Türk Prysmian Kablo CEO.

This team spent approximately four months to create Türk Prysmian Kablo's Sustainability Plan, which included establishing a business case for pursuing sustainability, analyzing trends, defining the vision, assessing the impacts, identifying a dedicated set of metrics, defining the projects, developing an implementation strategy, establishing short, medium and long term goals as well as setting up a systematic Sustainability Management System including a massive communication plan.

The sustainability approach forms the basis of all our work. In line with our environmental sustainability efforts, we especially focus on renewable energy products included in our industrial cables product range. The amount of cable we have supplied for solar energy projects so far has reached approximately 40 million meters. In other words, we supplied a cable long enough to circle the earth one round. This means that approximately 9 million households need electricity for 1 month.

Apart from focusing on renewable production efforts, the team has already completed several actions including creating a sustainability website with detailed information; defining approximately 40 different short, medium and long-term sustainability projects to be applied in the company and conducted a survey to measure the sustainability awareness of the stakeholders. We also reviewed and adopted several of our social responsibility projects both in the corporation and with volunteer works of our employees, in line with our sustainability vision.

We supplied fire safety cables to 2nd Family House of KAÇUV – The Hope Foundation for Children With Cancer, where children who are in financial difficulties and receiving cancer treatment and their families can stay when they come to

Istanbul for treatment. We sponsored a thank you dinner to the healthcare personal of Istanbul University Cerrahpaşa Medical Faculty Hospital who were fighting against Covid-19, together with Istanbul Consulate General of Italy, the Italian Chamber of Commerce Association, a private Italian High School and Italian companies that actively operating in Turkey. After the earthquake that took place in the Aegean Sea on October 30 and caused great damage in Izmir, we donated spare power banks to the citizens who stayed in tents and already had energy problems. We also supplied laptops computers to students in need during the distance education process together with the Association for Support Contemporary Life (ÇYDD), and made donation on International Women's Day on behalf of our women employees. We provided vehicles and drivers for filiation teams who worked under District Health Directorate of District Governorship of Mudanya. We also activated our membership with TEID – Turkish Ethics and Reputation Society.

### **Our Commitment to UN Sustainable Development Goals:**

The United Nations “Decade of Action” program has defined tangible solutions to all the challenges posed by the 2030 Sustainable Development Goals.

Türk Prysmian Kablo is committed to supporting the achievement of the global agenda goals; serving primarily for SDG7 (Accessible and Clean Energy), SDG8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure) and SDG12 (Responsible Production and Consumption) and hence contributing to building and upgrading of infrastructures for energy transmission and distribution and for telecommunications — the essential drivers for the transition to a new development model for the civil society.

### **Our Principles:**

Sustainability challenges are pressurizing the businesses to take longer term actions. Our planet is reaching its boundaries as emissions, water, chemical-loading continue to do harm.

At Türk Prysmian Kablo, we come to work every day with a commitment to save our planet and tackle climate change by transitioning to zero-carbon energy systems while producing responsibly.

We thrive the sustainability of our production processes while safeguarding the environment. We engage with local communities to ensure that the areas in which we operate are protected and to guarantee workplace safety.

We engage with local communities. Being aware of our social responsibilities, we develop projects that support social and cultural life as a society.

### **Our Stakeholders:**

Stakeholder Engagement is fundamental to Türk Prysmian Kablo business as value creation is essential to everyone involved in enterprise in creating a common purpose. We are aware that to be effective and able to minimize our risks, we must engage with our stakeholders; making them aware of the initiatives we take and receive their feedback for actions we should take.

### **Our Vision:**

We want to assure innovative energy & telecommunication solutions through a responsible production by pursuing economic, environmental, and social sustainability for all stakeholders and the planet.

As Türk Prysmian Kablo, our sustainability vision defines our intent of ‘being a responsible business by pursuing economic, environmental and social sustainability for all stakeholders and the planet’ under four primary pillars:

#### Eliminating Footprint:

We want to operate with using less resources, convert our energy use to renewables and hence neutralize our footprint. We want do that by using energy and water more efficiently, consuming less of these inputs and switching to renewable energy when possible to decrease our footprint.

#### Circular Resource Use:

We want to prevent depletion of natural resources and harming of the natural environment by using regenerative input. By using regenerative input (materials and water) for our production and using less, we make sure the materials and resources are kept in the lifecycle.

#### Enhancing Business Model:

We want to engage with our stakeholders to deliver profitability and growth sustainably in all our operations (upstream, in-house, downstream) by putting our stakeholder engagement as our priority, we work to develop sustainable, innovative, and progressive business models; making digitalization as an enabler and redefine market dynamics.

#### Developing Employees and Society:

We want to be able to attract the talented and new generation employee force, develop our skills in-house and have a sustainable labor force in order to serve to the society in the best way possible. While nourishing from our stakeholders' diversity and ideas, we work to be an aspired employee in the society and for our industry and to guarantee workplace safety. And we engage with local communities to ensure that the areas in which we operate are protected and nourished.

## **18- MISCELLANEOUS**

Transactions with related parties during the reporting period are explained in detail in Footnote 26 of the financial statement published on Public disclosure Platform on 23.02.2022. These transactions are also disclosed on our website.

These transactions are also disclosed on our website.

Furthermore;

As per Turkish Commercial Code no. 6102 and Capital Market Legislation, with respect to parent company and subsidiaries the following is determined;

- All transactions with related parties in the year 2021 were carried out by way of making counter promises measuring up with its peers, in line with the group transfer pricing directives and Transfer Pricing rules, without making any distinction between the country or the company, and they were reasonable within the frame of commercial standards;

- The audits and assessments found that, according to the known circumstances and conditions relating to Related Party Transactions; in each legal transaction between our Company Türk Prysmian Kablo ve Sistemleri A.Ş. and the parent company and subsidiaries mentioned in article 199 of the Turkish Commercial Code, a suitable counter promise was ensured in each legal transaction in 2021, with no taken or avoided measures or the Company suffered no loss by reason of a certain measure being taken or avoided.

As there were no losses, there was no need for loss offsetting.

**Annual Activity Report Legal Basis:**

Annual activity Report for the Fiscal Period 01.01.2021-31.12.2021 was issued based on the clause three of Article 516, and Article 518 of the Turkish Commercial Code, in accordance with the provisions of the "Regulation on Minimum Content of the Annual Activity Reports" published by the Ministry of Customs and Trade and "Communiqué on Principles of Financial Reporting in Capital Markets" published by the Capital Market Board.

**Principles for Preparing the Annual Activity Report:**

The annual activity report shall reflect the business stream and the financial position of the company, in all aspects, in an accurate, complete, straight-forward, realistic and honest manner for the relevant fiscal year, taking into consideration the rights and interests of the company. All misleading, exaggerated and untrue statements are avoided. Annual activity report is prepared in a detailed manner to ensure shareholders have complete and accurate access to all kinds of information about company activities.

**Annual Activity Report Approval:**

The Annual Activity Report of the Group for the fiscal period 01.01.2021-31.12.2021 was approved by the members of the Board of Directors of the Company on 09.03.2022. We are still in the process of preparing the more detailed 2021 Activity Report and will share it with our investors when completed.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. Corporate Governance Compliance Report 2021 - Annual Notification

## Summary

Corporate Governance Principles Compliance Report



# Corporate Governance Compliance Report

Related Companies ☐

Related Funds ☐

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.					X	The request for the appointment of a special auditor has not yet been regulated as an individual right in the company's articles of association. There was no request during the period regarding the appointment of a special auditor.
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			There are no transactions made during the year.
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				There is a separate item on the agenda, but because there are many donations and beneficiaries, summary information is provided.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				There is no media participation.
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					
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			There is no article in the articles of association regarding the extension of minority rights.
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	Profit distribution is made.

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			There are no real person shareholders holding more than 5% of the issued capital.
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				It is prepared in English and the relevant information is updated as needed.
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				Article 2.2.2/e has not created a conflict of interest with the institutions it receives services such as investment consultancy and rating, and there is no information on the measures taken to prevent these.
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					
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				Intra-company regulations have been drawn up; The relevant requirements are not included in the articles of association.
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					

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					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
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				Although a written policy has not been established by the Board of Directors, 4 out of 8 board members are women and a 50% ratio has been achieved.
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 attended the majority of the board meetings in person.		X				Board members residing abroad attend the meetings by "teleconference". Board meetings held in 2021 were held over skype and teams due to covid-19, which has an impact all over the world.
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				There is no minimum duration. However, necessary information and documents are sent to all members in sufficient time.
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				Since there was no dissenting vote, the minutes were not drawn up.
						Independent members are not restricted from taking on other duties outside the company. Non-independent Members of the Board of



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				Directors can take office in related companies outside the group. It was presented to the information of the shareholders in the Annual Report.
<b>4.5. BOARD COMMITTEES</b>						
4.5.5 - Board members serve in only one of the Board's committees.			X			Independent members take part in more than one committee.
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				The Committee did not receive any significant consultancy services other than the independent audit service.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.		X				The Chairman and Vice Chairman of the Board of Directors make the necessary evaluation in the annual report, and there are no relevant performance evaluations in the minutes of the board of directors.
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 accordance with the Law No. 6698 on the Protection of Personal Data, the total amount is disclosed in terms of categories, rather than on an individual basis.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. Corporate Governance Information Form 2021 - Annual Notification

## Summary

Corporate Governance Compliance Information Form

# 1. SHAREHOLDERS

Related Companies

Related Funds

<b>1. SHAREHOLDERS</b>	
<b>1.1. Facilitating the Exercise of Shareholders Rights</b>	
The number of investor meetings (conference, seminar/etc. ) organised by the company during the year	In 2021, four webcast meetings were held where financial results for the end of 2020 and three quarters of 2021 were shared.
<b>1.2. Right to Obtain and Examine Information</b>	
The number of special audit request(s)	No request during the period regarding the appointment of a special auditor.
The number of special audit requests that were accepted at the General Shareholders' Meeting	There was no request for a special auditor at the General Assembly Meeting.
<b>1.3. General Assembly</b>	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/tr/Bildirim/915391">https://www.kap.org.tr/tr/Bildirim/915391</a>
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	The General Assembly Meeting documents are not published simultaneously in English.
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	There is no action taken within the scope 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 (II-17.1)	All related party transactions and transaction principles have been collectively submitted to the Board of Directors in 2021. In 2021, there were no related party transactions or significant transactions that needed to be submitted for the approval of the General Assembly, since independent members did not approve.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	<a href="https://www.kap.org.tr/tr/Bildirim/921985">https://www.kap.org.tr/tr/Bildirim/921985</a>
	Our company's corporate website at

The name of the section on the corporate website that demonstrates the donation policy of the company	www.prysmiangroup.com.tr is available under the "Our Policies" heading under the Investor Relations Section.
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/922425
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 11
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Company employees, representatives, shareholders and independent auditor can attend the General Assembly meeting. General Assembly attendee list link: https://www.kap.org.tr/tr/Bildirim/922425
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Hayır (No)
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	Not available.
The percentage of ownership of the largest shareholder	% 83,75
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	Hayır (No)
If yes, specify the relevant provision of the articles of association.	Not available.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Our company's corporate website at www.prysmiangroup.com.tr is available under the "Our Policies" heading under the Investor Relations Section.
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.	The Board of Directors has not made a proposal regarding the distribution of profit.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	The Board of Directors has not made a proposal regarding the distribution of profit.

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	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	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	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification

31/03/ 2021		0	% 83,75	% 83,75	% 83,75	On the corporate website of our company at www.prysmiangroup.com.tr, ?Investor Relations Department? under the heading "General Assemblies".	On the corporate website of our company at www.prysmiangroup.com.tr, ?Investor Relations Department? under the heading "General Assemblies".	On the corporate website of our company at www.prysmiangroup.com.tr, ? Investor Relations Department? under the heading "General Assemblies".	23	<a href="https://www.kap.org.tr/tr/Bildirim/922425">https:// www.kap.org.tr/tr/ Bildirim/922425</a>
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## 2. DISCLOSURE AND TRANSPARENCY

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.	It is constantly updated under the "Investor Relations" section of the corporate website at <a href="http://www.prysmiangroup.com.tr">www.prysmiangroup.com.tr</a> , as stipulated by the CMB's Corporate Governance Principles, in order to maintain our company's relations with the shareholders more effectively and quickly and to be in constant communication with the shareholders.
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.	No real person shareholders owning more than 5% of the shares, based on the latest shareholder list notified to our company by MKK.
List of languages for which the website is available	Turkish 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	It is included in the Corporate Governance Compliance Report section of the annual report.
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	It is included in the Corporate Governance Compliance Report section of the annual report.
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	It is included in the Corporate Governance Compliance Report section of the annual report.

c) 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	Footnote 2 of the independent auditor's report
d) 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	Footnote 14 of the independent auditor's report
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	Not available.
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%	Not available.
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	It is explained in the Corporate Social Responsibility section of the annual report.

## 3. STAKEHOLDERS

<b>3. STAKEHOLDERS</b>	
<b>3.1. Corporation's Policy on Stakeholders</b>	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Find it under the heading "Our Policies" under the Investor Relations Section on our company's corporate website at <a href="http://www.prysmiangroup.com">www.prysmiangroup.com</a>
The number of definitive convictions the company was subject to in relation to breach of employee rights	1
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	The whistle blowing mechanism, initiated by the internal audit department, is used.
The contact detail of the company alert mechanism	<a href="https://www.prysmiangroup.com/en/about-us/ethics-integrity/whistleblowing">https://www.prysmiangroup.com/en/about-us/ethics-integrity/whistleblowing</a>
<b>3.2. Supporting the Participation of the Stakeholders in the Corporation's Management</b>	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Not available
Corporate bodies where employees are actually represented	It is based on keeping all communication channels open and eliminating all possible obstacles for the participation of company employees in the management. Our company has a union structure and our workers are members of the united metal business union. A suggestion box is used, making it possible to collect and convey suggestions regarding company activities to the senior management without making any distinction between white-collar and blue-collar.



	Participation in the management is supported by various working groups such as panels and workshops formed by the employees of the company at all levels.
<b>3.3. Human Resources Policy</b>	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The Board of Directors creates the necessary succession plans.
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.	Find it under the heading "Our Policies" under the Investor Relations Section on our company's corporate website at <a href="http://www.prysmiangroup.com">www.prysmiangroup.com</a>
Whether the company provides an employee stock ownership programme	Pay edindirme planı bulunuyor (There is 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.	Not available
The number of definitive convictions the company is subject to in relation to health and safety measures	Not available
<b>3.5. Ethical Rules and Social Responsibility</b>	
The name of the section on the corporate website that demonstrates the code of ethics	It is available under the heading "Ethical Values ??& Integrity" in the About section of our company's corporate website at <a href="https://tr.prysmiangroup.com/en">https://tr.prysmiangroup.com/en</a>
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.	Our company's corporate website at <a href="http://www.prysmiangroup.com.tr">www.prysmiangroup.com.tr</a> is available under the "Our Policies" heading under the Investor Relations Section.
Any measures combating any kind of corruption including embezzlement and bribery	<a href="https://tr.prysmiangroup.com/en/ethics-integrity">https://tr.prysmiangroup.com/en/ethics-integrity</a>

## 4. BOARD OF DIRECTORS-I

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	Not available.
Whether the board evaluation was externally facilitated	Hayır (No)
Whether all board members released from their duties at the GSM	Evet (Yes)
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Board of Directors, Vice Chairman of the Board of Directors, Mr. Ülkü Özcan alone unlimitedly and the Chairman of the Board of Directors, Mr. Halil İbrahim Kongur and Member of the Board of Directors Mr. It has jointly delegated unlimited authority to Ercan Gökdağ.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
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	It is presented in the Corporate Governance Principles Compliance Report section of the annual report.
Name of the Chairman	Halil İbrahim Kongur
Name of the CEO	Ülkü Özcan
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Different people
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	Our company has issued an insurance policy within the scope of "Manager Liability Insurance", including the members of the Board of Directors and senior managers, due to the damages they may cause to the company through their faults during their

	duties. KAP link link: <a href="https://www.kap.org.tr/tr/Bildirim/974684">https://www.kap.org.tr/tr/Bildirim/974684</a>
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Not available.
The number and ratio of female directors within the Board of Directors	4 people, the rate is 50%.

#### Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency 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
Halil İbrahim Kongur	İcrada görevli (Executive)	Bağımsız üye değil (Not independent director)	30/03/2012	-	-	-	Evet (Yes)
Ülkü Özcan	İcrada görevli (Executive)	Bağımsız üye değil (Not independent director)	01/06/2021	-	-	-	Evet (Yes)
Ercan Gökdağ	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	31/03/2017	-	-	-	Evet (Yes)
Maria Cristina Bifulco	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	08/07/2020	-	-	-	Evet (Yes)
Robert Van Veen	İcrada Görevli Değil (Non-executive)	Bağımsız üye değil (Not independent director)	09/08/2021	-	İlgisiz (Not applicable)	-	Evet (Yes)
Banu Uzgur	İcrada Görevli Değil (Non-executive)	Bağımsız üye (Independent director)	30/03/2018	<a href="https://www.kap.org.tr/tr/Bildirim/921639">https://www.kap.org.tr/Bildirim/921639</a>	Değerlendirildi (Considered)	Hayır (No)	Evet (Yes)
İsmet Su	İcrada Görevli Değil (Non-executive)	Bağımsız üye (Independent director)	30/03/2018	<a href="https://www.kap.org.tr/tr/Bildirim/921639">https://www.kap.org.tr/Bildirim/921639</a>	Değerlendirildi (Considered)	Hayır (No)	Evet (Yes)

Mina Ayhan	İcrada Görevli Değil (Non-executive )	Bağımsız üye (Independent director)	30/03/ 2020	<a href="https://www.kap.org.tr/tr/Bildirim/921639">https:// www.kap.org.tr/ tr/Bildirim/ 921639</a>	Değerlendirildi (Considered)	Hayır (No)	Evet (Yes)
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## 4. BOARD OF DIRECTORS-II

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	As part of the covid measures, all board meetings were held over teams.
Director average attendance rate at board meetings	% 80
Whether the board uses an electronic portal to support its work or not	Evet (Yes)
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Information and documents related to the issues included in the agenda of the Board of Directors meeting are presented to the members of the Board of Directors for examination , sufficient time before the meeting, by ensuring an equal flow of information. The exact time is not specified.
The name of the section on the corporate website that demonstrates information about the board charter	It is stated in Articles 8 and 9 of the Articles of Association within the Corporate Governance section under the Investor Relations Department on the corporate website of the company at <a href="http://www.prysmiangroup.com">www.prysmiangroup.com</a>
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	Not available
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	It is included in the " Corporate Governance Principles Compliance Report" section of the annual report.

Link(s) to the PDP announcement(s) with the board committee charters

<https://www.kap.org.tr/tr/Bildirim/258320>

#### Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Denetim Komitesi (Audit Committee)		İsmet Su	Evet (Yes)	Yönetim kurulu üyesi (Board member)
Denetim Komitesi (Audit Committee)		Banu Uzgur	Hayır (No)	Yönetim kurulu üyesi (Board member)
Denetim Komitesi (Audit Committee)		Mine Ayhan	Hayır (No)	Yönetim kurulu üyesi (Board member)
Kurumsal Yönetim Komitesi (Corporate Governance Committee)		Banu Uzgur	Evet (Yes)	Yönetim kurulu üyesi (Board member)
Kurumsal Yönetim Komitesi (Corporate Governance Committee)		Mine Ayhan	Hayır (No)	Yönetim kurulu üyesi (Board member)
Kurumsal Yönetim Komitesi (Corporate Governance Committee)		Nevin Kocabaş*	Hayır (No)	Yönetim kurulu üyesi değil (Not board member)
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)		Mine Ayhan	Evet (Yes)	Yönetim kurulu üyesi (Board member)
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)		Banu Uzgur	Hayır (No)	Yönetim kurulu üyesi (Board member)
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)		İsmet Su	Hayır (No)	Yönetim kurulu üyesi (Board member)

## 4. BOARD OF DIRECTORS-III

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)	It is included in the Corporate Governance Principles Compliance Report section of the annual report.
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 )	It is included in the Corporate Governance Principles Compliance Report section of the annual report.
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)	It is included in the Corporate Governance Principles Compliance Report section of the annual report.
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 )	It is included in the Corporate Governance Principles Compliance Report section of the annual report.
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)	It is included in the Corporate Governance Principles Compliance Report section of the annual report.
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)	The "CEO's message" is included in the annual report.
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Our company's corporate website at <a href="http://www.prysmiangroup.com.tr">www.prysmiangroup.com.tr</a> is available under the heading "Our Policies" under the Investor Relations Section.
Specify where the individual remuneration for board members and senior executives are presented in your	It is stated in the "benefits and services provided to senior executives" section of the Annual Report and in

annual report (Page number or section name in the annual report)

Footnote 26 of the Independent Auditor's Report on Related Party Disclosures.

#### Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Denetim Komitesi (Audit Committee)		% 100	% 100	4	4
Kurumsal Yönetim Komitesi (Corporate Governance Committee)		% 100	% 66,66	4	4
Riskin Erken Saptanması Komitesi (Committee of Early Detection of Risk)		% 100	% 100	6	6