



KONTROLMATİK TEKNOLOJİ, ENERJİ VE MÜHENDİSLİK A.Ş.

NOMINATION AND REMUNERATION COMMITTEE REGULATION ON WORKING PRINCIPLES AND PROCEDURES	DOCUMENT NO	: KM.2023.004
	REVISION NO	: 001
	REVISION DATE	: 04.05.2023
	PAGE NUMBER	: 1 / 9
	PUBLICATION DATE	: 04.05.2023

1. ESTABLISHMENT

As per the resolution of the Board of Directors of the Company dated May 4, 2023 and numbered 21, within the framework of the Turkish Commercial Code (TCC) and the Corporate Governance Principles of the Capital Markets Board (CMB) and the recommendations of international institutions (WBG, OECD, EU, EBRD); a Nomination and Remuneration Committee (“NRC” or “Committee”) has been established to make suggestions and recommendations to the Board of Directors in order to establish and improve the Company's corporate governance practices.

2. PURPOSE

Under the regulations, provisions and principles set forth in the Turkish Commercial Code (TCC) and the “Corporate Governance Principles” of the Capital Markets Board (CMB) and the recommendations of international organizations (WBG, OECD, EU, EBRD): (i) it determines *the principles, criteria and practices* to be used in the remuneration of the members of the Board of Directors and Executives with administrative responsibilities, taking into account the long-term goals of the Company and supervises them; (ii) it submits its proposals to the Board of Directors regarding the remuneration to be paid to the members of the Board of Directors and Executives with administrative responsibilities, taking into account the degree of achievement of the criteria used in remuneration; and (iii) it has been prepared by the Company's Board of Directors to determine the formation and Working Principles and Procedures of the Nomination and Remuneration Committee, which will be elected by the Company's Board of Directors from among its members and relevant departments to oversee the functioning and effectiveness of human resources and Management in our Company within the framework of the relevant laws and regulations, to carry out improvement studies in this regard, if necessary, and to assist it in order to be disclosed to the public.

3. DUTIES

The duties of the Nomination and Remuneration Committee include, *but are not limited to*, the following:

3.1 to establish a transparent system for the identification, evaluation and training of suitable candidates for the Board of Directors and managerial positions with administrative responsibilities and to work on determining policies and strategies in this regard;

3.2 to evaluate the nominations of candidates for independent membership, including those of the



management and investors, by taking into account whether the candidate meets the independence criteria or not, and to submit its assessment to the Board of Directors for approval;

3.3 in the event of a vacancy in the Board of Directors, in order to ensure that the minimum number of members is restored, to make an evaluation for the election of members for the vacant seats to serve until the first General Assembly meeting to be held, and to submit the result in writing to the Board of Directors;

3.4 to make regular evaluations on the structure and efficiency of the Board of Directors and to submit recommendations for changes that may be made in these matters;

3.5 to determine and oversee the approach, principles and practices regarding the performance evaluation and career planning of Board members and senior executives;

3.6 to determine and oversee the proposals regarding the remuneration principles of the members of the Board of Directors and senior executives, taking into account the long-term goals of the Company;

3.7 to determine the criteria (KPIs) linked to the business performance of the Company's members and executives that can be used in remuneration and rewarding;

3.8 The Company adopts the *“principle of providing equal opportunities to people under equal conditions”* when establishing recruitment policies and career planning.

3.9 The rights provided to Company personnel are treated fairly. “Training Policies” are established and “Training Programs” are carried out in this direction in order to increase the knowledge, skills and manners of the personnel.

3.10 Job descriptions, distribution of duties and performance and rewarding criteria (*wages, benefits, share options*) of Company personnel are prepared on the basis of productivity and announced to the personnel.

3.11 to submit its recommendations to the Board of Directors regarding the remuneration of the members of the Board of Directors and senior executives, taking into account the degree of achievement of the criteria;

The Committee notifies the Board of Directors in writing of its evaluations and recommendations on the above-mentioned issues.

4. MEMBERSHIP CRITERIA

4.1 The Committee members are appointed by the Board of Directors and consist of at least two (2) members. It may consist of one (1) Board member and the Human Resource manager. The President of the Committee is elected among the independent members of the Board of Directors. The Chief Executive Officer and General Manager cannot serve on the Committee. In case the

Kontrolmatik.com



Committee consists of two (2) members, both of them, and in case the Committee has more than two (2) members, the majority of its members may consist of members of the Board of Directors who do not directly undertake executive functions. When necessary, people who are not members of the Board of Directors but who are experts in their fields may be invited in the Committee.

- 4.2 The Board of Directors shall appoint a person it deems appropriate to act as President of the Committee. In the absence of the President of the Committee and/or an appointed deputy, the other members present shall elect one of their number to chair the meeting.
- 4.3 When the new Board of Directors is elected at the Ordinary General Assembly meeting, the Board of Directors shall appoint the members of the Committee in parallel with its term of office. The duties of the former Committee members shall continue until their replacements are elected.
- 4.4 Only Committee members have the right to attend Committee meetings. The Committee may invite any manager it deems necessary to its meetings and receive their opinions. The Chairman of the Board of Directors, Chief Executive Officer/General Manager, Chief Financial Officer, General Secretary, Chief Legal Counsel, Compliance officer, Human Resource manager, representatives from other directors and functions and other relevant persons may be invited to attend all or part of any meeting as appropriate.
- 4.5 The Board of Directors shall provide the Committee with all necessary resources and support to fulfill its duties. The Committee shall benefit from the opinions of independent experts on the matters it deems necessary in relation to its activities. The cost of the consultancy services required by the Committee shall be covered by the Company.

5. GENERAL SECRETARY

The Company Secretary General or a nominee appointed by the President of the Committee shall act as the Secretary of the Committee.

6. FREQUENCY OF MEETING AND QUORUM

- 6.1 The Committee meets at least four (4) times a year. It may also convene as often as required by the task assigned to it in reporting and audit processes.
- 6.2 The decisions of the Committee are advisory to the Board of Directors, and the Board of Directors is the final decision-making authority on relevant matters.
- 6.3 The quorum necessary for the transaction of business shall be two (2). A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.



6.4 Meetings shall be held at the Company headquarters. The Committee may also hold its meetings in person or in electronic media or by conference call without actually coming together. In this case, the minutes shall be signed by the Committee members. In addition, the decisions of the Committee may be taken by circulation, and the minutes signed by all members shall be valid.

7. NOTICE OF MEETING

7.1 Meetings of the Committee shall be summoned by the Secretary or President of the Committee at the request of any of its members.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than two (2) working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

8. MEETING MINUTES AND REPORTING PROCEDURE

8.1 At the beginning of each meeting, the Secretary General shall determine whether there is any conflict of interest and record the minutes accordingly.

8.2 The minutes of the meeting shall include at least the following

- (i) the date of the meeting;
- (ii) the names, surnames and titles of those who attended the meeting;
- (iii) information on the matters considered at the meeting; and
- (iv) the decisions taken and their nature.

8.3 The decisions of the Committee shall be signed and archived by the members of the Committee after being written down.

8.4 Once approved, the minutes of the decisions of the Committee shall be submitted to the Board of Directors.

8.5 The Secretary General shall be responsible for the preparation and storage of the Committee's reports.

9. ANNUAL GENERAL MEETING (AGM)

The President of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.



10. RESPONSIBILITIES

The Committee should fulfill the following responsibilities as appropriate for the Company (*and its subsidiaries and associates, and the Group as a whole*). The Committee shall:

- 10.1 determine and agree with the Board of Directors the framework or broad policy for the remuneration of the Company's Chief Executive Officer, Chairman, President, Executive Directors, the Company Secretary and such other members of the Executive Management as it is designated to consider, which, for the avoidance of doubt, will include any director or employee who receives a salary in excess of TRY 1,000,000.- per annum. The remuneration of Non-Executive Directors shall be a matter for the Chairman and the Executive members of the Board, of Directors and shall be approved by the members at the Annual General Meeting. No director or manager shall be involved in any decisions as to their own remuneration;
- 10.2 in determining such policy, consider all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 10.3 review the ongoing appropriateness and relevance of the Remuneration Policy;
- 10.4 approve the design of, and determine targets for, any performance related pay schemes operated by the company and approve the total annual payments made under such Schemes;
- 10.5 review the design of all share incentive plans for approval by the Board of Directors and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used;
- 10.6 review the design of all pension arrangements for approval by the Board of Directors, including the policy, and scope of, any such pension arrangements prior to their implementation by the Company;
- 10.7 ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
- 10.8 approve any "Golden Parachute" benefits payable to the Chief Executive Officer or its Executive Directors, the Company Secretary, and such other members of the Executive Management as it is designated to consider in the event that the company is acquired, and such executive's employment is terminated. These benefits can take the form of severance pay, a bonus, stock options, or a combination thereof.
- 10.9 within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer as appropriate, determine the total individual remuneration package of each Executive Director

Kontrolmatik.com



and other senior executives including bonuses, incentive payments and share options or other share awards;

10.10 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the SPK and BİST rules and associated guidance;

10.11 review and note annually the remuneration trends across the Company;

10.12 oversee any major changes in employee benefits structures throughout the Company;

10.13 agree the policy for authorizing claims for expenses from the Chief Executive Officer and Chairman; and

10.14 be exclusively responsible for establishing the selection criteria, selecting, appointing, and setting the Working Principles and Procedures for any remuneration consultants who advise the Committee, and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfill its obligations.

11. NOMINATION RESPONSIBILITY

The Committee shall:

11.1 regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board of Directors compared to its current position and make recommendations to the Board of Directors with regard to any changes;

11.2 give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed on the Board in the future;

11.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;

11.4 before any appointment is made by the Board, evaluate the balance of skills, knowledge and experience on the Board of Directors, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:

- (i) use open advertising or the services of external advisers to facilitate the search;
- (ii) consider candidates from a wide range of backgrounds; and
- (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;



- 11.5 keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace;
- 11.6 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 11.7 review annually the time required from Non-Executive Directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfill their duties; and
- 11.8 ensure that on appointment to the Board of Directors, Non-Executive Directors receive a formal letter of appointment.
- 11.9 The Committee shall also make recommendations to the Board of Directors concerning:
- 11.9.1 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive Officer;
- 11.9.2 suitable candidates for the role of independent directors;
- 11.9.3 membership of the Audit Committee and Nomination & Remuneration Committee, in consultation with the Presidents of those Committees;
- 11.9.4 the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- 11.9.5 the continuation (or not) in service of any director who has reached the age of 65;
- 11.9.6 any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provisions of the law and their service contract; and
- 11.9.7 the appointment of any director to executive or other office other than to the positions of Chairman and Chief Executive Officer, the recommendation for which would be considered at a meeting of the full Board of Directors.

The Committee notifies the Board of Directors in writing of its assessments and recommendations on the above-mentioned issues.



12. REPORTING RESPONSIBILITY

12.1 The Committee President shall report formally to the Board of Directors on its proceedings after each meeting on all matters within its duties and responsibilities.

12.2 The Committee shall make whatever recommendations to the Board of Directors it deems appropriate on any area within its remit where action or improvement is needed.

12.3 The Committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's Annual Report and ensure each year that it is put to shareholders for approval at the AGM.

The Committee notifies the Board of Directors in writing of its assessments and recommendations on the above-mentioned issues.

13. OTHER MATTERS

The Committee shall also:

- (i) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (ii) be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members;
- (iii) give due consideration to laws and regulations and the requirements of the national (TCC, CMB, BIST) and international (WBG, OECD, EU, EBRD) rules as appropriate;
- (iv) oversee any investigation of activities which are within its Working Principles and Procedures; and
- (v) at least once a year, review its own performance, constitution and Working Principles and Procedures to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

The Committee notifies the Board of Directors in writing of its assessments and recommendations on the above-mentioned issues.



14. AUTHORITY

The powers that the Committee may exercise when necessary are as follows:

- 14.1 To seek any information it requires from any personnel of the Company in order to perform its duties;
- 14.2 to call any employee to be questioned at a meeting of the Committee as and when required.
- 14.3 When necessary, to obtain independent expert opinions on matters deemed necessary in relation to the Committee's activities.

15. AMENDMENT

The Committee shall review this Working Principles and Procedures every year and recommend to the Board of Directors any changes it deems necessary. The Board of Directors is authorized to review and update the working principles.

16. EFFECTIVE DATE

This Regulation on Working Principles and Procedures of the Nomination and Remuneration Committee have been approved by the Board of Directors' resolution dated May 4, 2023 and numbered 21 and are in force.

-/-