



KAMUYU AYDINLATMA PLATFORMU

FONET BİLGİ TEKNOLOJİLERİ A.Ş.

Corporate Governance Compliance Report

2020 - Annual Notification

Summary

Corporate Governance Compliance Report 2020



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 | | | | | |
| 1.3. GENERAL ASSEMBLY | | | | | | |
| 1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics. | X | | | | | |
| 1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting. | | | | | X | |
| 1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting. | X | | | | | |
| 1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions. | X | | | | | |
| 1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak. | X | | | | | |
| 1.4. VOTING RIGHTS | | | | | | |
| 1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights. | X | | | | | |
| 1.4.2 - The company does not have shares that carry privileged voting rights. | | | X | | | As stated in article 6 of our company's Articles of Association, Group (A) shares have the privilege of determining the Members of the Board of Directors and voting right at the General Assembly Meeting while Group (B) shares do not have any privileges. Group (A) shareholders have 15 voting rights for each share, and (B) group shareholders have 1 voting right for each share in the Ordinary and Extraordinary General Assembly Meetings of the Company. |
| 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 | | | | | |
| | | | X | | | Minority rights are not granted to those who have less than one-twentieth of the capital regarding Articles of Association, and maximum attention is paid to minority rights |

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| 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. | | | | | | within the framework of the general regulations in the legislation. No request has been received from the investors in this regard. |
| 1.6. DIVIDEND RIGHT | | | | | | |
| 1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website. | X | | | | | |
| 1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future. | X | | | | | |
| 1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item. | X | | | | | |
| 1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company. | X | | | | | |
| 1.7. TRANSFER OF SHARES | | | | | | |
| 1.7.1 - There are no restrictions preventing shares from being transferred. | X | | | | | |
| 2.1. CORPORATE WEBSITE | | | | | | |
| 2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1. | X | | | | | |
| 2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months. | X | | | | | |
| 2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content. | X | | | | | Most of the content on our corporate website is in English, and some documents are in Turkish . In the coming years, it is planned to share the documents on the corporate website in English, with the same content as Turkish. |
| 2.2. ANNUAL REPORT | | | | | | |
| 2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities. | X | | | | | |
| 2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2. | X | | | | | |
| 3.1. CORPORATION'S POLICY ON STAKEHOLDERS | | | | | | |
| 3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles. | X | | | | | |
| 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 | | | Employees' participation in management is not regulated by the Articles of Association, but is determined by various practices within the company. |
| 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 | | | | | |
| | | | | | | Utmost care is taken to inform the employees and their representatives of the decisions that may |

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| 3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken. | X | | | | | affect the employees. However, due to the nature of the informatics sector in which our company operates, no opinion was received from any union. |
| 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 | | | | | There are practices that establish internal control within the working principles of our company. In the future, it will be considered to establish a separate Internal Control unit in line with the growth of our Company's scale |
| 4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report. | X | | | | | Detailed information about the audit committee responsible for the functioning of the internal control system (number of meetings, etc.) is included in the annual report. |
| 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 | X | | | | | The rate of female members in our Board of Directors is 25%. Maximum care is taken to |

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| female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy. | | | | | | maintain this ratio even if a written policy has not been established. |
| 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 | | | | Since one of our members of the Board of Directors resides abroad, he cannot physically attend the meetings |
| 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 | | | The Board of Directors meetings are held in accordance with the Company's Articles of Association and the working principles of the Board of Directors. Although the mentioned regulations do not define a minimum period for sending documents related to the meetings, it is ensured that information and documents are sent to all members within a sufficient period of 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 | | | | | |
| 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 | | | Due to the experience of our Board Members, there is no need for such a restriction. The duties taken by the members of the Board of Directors outside the company were presented to the shareholders at the General Assembly meeting. |
| 4.5. BOARD COMMITTEES | | | | | | |
| 4.5.5 - Board members serve in only one of the Board's committees. | | | X | | | Assignments to committees are made in accordance with the relevant regulations, taking into account the knowledge and experience of our Board Members. Our Board Members can take part in more than one committee due to their experience level. This member provides communication and increases cooperation opportunities between committees dealing with related issues. |
| 4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views. | | | X | | | There has not been any such situation in 2020. |
| 4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report. | | | | | X | |
| 4.5.8 - Minutes of all committee meetings are kept and reported to board members. | X | | | | | |
| 4.6. FINANCIAL RIGHTS | | | | | | |
| 4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively. | | | X | | | The necessary evaluation has been made in the message of the Chairman of the Board of Directors of the annual report, and no special work has been conducted at the Board level for performance evaluation. |
| 4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period | | | | | | |

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| <p>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.</p> | <p>X</p> | | | | |
| <p>4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.</p> | <p>X</p> | | | | <p>Remuneration for the members of the Board of Directors and executives with administrative responsibilities is generally explained in the Independent Audit Report published in the Annual Report.</p> |