

# INTERNAL DIRECTIVE ON THE OPERATION PRINCIPLES AND PROCEDURES OF THE GENERAL ASSEMBLY OF EREĞLİ DEMİR VE ÇELİK FABRİKALARI TÜRK ANONİM ŞİRKETİ

## SECTION ONE

### Purpose, Scope, Legal Basis and Definitions

#### Purpose and Scope

**ARTICLE 1-** (1) The Purpose of this Internal Directive is to determine the operation principles and procedures of the general assembly of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. within the framework of the provisions of Laws, relevant legislations and Articles of Association. This Internal Directive comprises all ordinary and extraordinary general assembly meetings of Ereğli Demir ve Çelik Fabrikaları T.A.Ş.

#### Legal Basis

**ARTICLE 2-** (1) This Internal Directive has been prepared by the Board of Directors in accordance with the Procedures and Principles of General Assembly Meetings of Joint Stock Companies and the provisions of the Regulation on Representatives of the Ministry of Customs and Trade to be present in such meetings.

#### Definitions

**ARTICLE 3-** (1) In this Directive, the following terms shall have the following meanings:

- a) Sitting : a one-day meeting of the General Assembly,
- b) Law : Turkish Commercial Code No. 6102 dated 13/1/2011,
- c) Session : each of the parts of each sitting interrupted due to rest, break and similar reasons,
- ç) Meeting : Ordinary and extraordinary meetings of General Assembly,
- d) Chairmanship of Meeting : the body consisting of the chairman of the meeting elected by the general assembly to chair the meeting in accordance with the first paragraph of article 419 of the Law, the vice-chairman elected by the general assembly when required, the secretary designated by the chairmanship and vote collector in case the chairman deems necessary.

## SECTION TWO

### Operation Principles and Procedures of the General Assembly

#### Provisions to be complied with

**ARTICLE 4 –** (1) The meeting is held in compliance with the provisions of the Law, relevant legislation and Articles of Association in relation to General Assembly.

#### Entry into Meeting Venue and Preparations

**ARTICLE 5 –** (1) The meeting venue may be entered into by the shareholders registered with the list of attendants drawn up by the board of directors or their proxies, the members of the board of directors, auditors, if any, a representative of Ministry if appointed, and the persons to be elected or assigned to the chairmanship of the meeting. In addition, the following persons may enter the meeting place: the employees responsible for carrying out the electronic general assembly system installed in accordance with article 1257 of the Law, the employees working for the settings of the system or the technicians of the companies from which such services are outsourced, as well as other managers and employees who may provide information or assistance to the attendants and press members.

(2) In entry into the meeting venue, real person shareholders and the proxies appointed from the electronic general assembly system established in accordance with article 1527 of the Law are required to submit their identity cards, proxies of real person shareholders are required to submit their identity cards together with the certificate of representation and proxies of legal entity shareholders are required to submit their authorization certificates and thus the sections indicated for them in the list of attendants are required to be signed by them. Such control procedures are carried out by the board of directors or one or more members of the board of directors appointed by the board of directors or person or persons appointed by the board of directors.

(3) The duties in relation to preparation of the meeting venue so that it shall comprise all shareholders, making available the stationery, documents, tools and equipments to be required in the meeting venue during the meeting are performed by the board of directors. All technical preparations are made for the sound and video records of the meeting.

#### Call to order

**ARTICLE 6 –** (1) The meeting shall open in the province, where the registered office is located, or such other convenient place within Ankara or Karadeniz Ereğli, as may be deemed fit by the Board of Directors at such date announced in advance, upon determination by the chairman of the board of directors or vice-chairman or one of the members of the board of directors by means of an official report indicating that the quorums referred to in Articles 418 and 421 of the Law have been provided.

### **Forming the Chairmanship**

**ARTICLE 7-** (1) The Chairman of the Board of Directors shall preside over the General Assembly meetings. In case of absence of the Chairman, this position shall be held by the vice-chairman. In case of absence of the vice-chairman, the person who shall preside shall be elected by the General Assembly.

(2) The vote collectors shall be elected by the General Assembly. The clerk shall be appointed by the Chairman among the shareholders or others. In addition, professionals may be appointed by the chairman of the meeting to carry out technical procedures as may be required during the meeting.

(3) The chairman of the meeting is authorized to sign the meeting minutes and such other documents constituting basis for such minutes.

(4) While chairing the general assembly meeting, the chairman acts in compliance with the Law, Articles of Association and the provisions of this Internal Directive.

### **The duties and powers of the chairmanship of the meeting**

**ARTICLE 8 –** (1) The chairmanship of the meeting performs the following duties specified below under the supervision of the chairman:

a) to examine whether the meeting has been convened at the address indicated in the announcement and, if specified in the Articles of Association, whether the meeting venue complies with the same;

b) to examine whether the call for the general meeting is duly made as provided in the articles of association by means of an invitation broadcast on the web site and an announcement published in the Turkish Trade Registry Gazette, whether this call is made at least three weeks before the meeting date, excluding the announcement and meeting date, and record the same in the minutes accordingly.

c) to control whether those who are not entitled to enter into the meeting venue have entered or not and the duties stipulated in paragraph two of Article 5 of this Internal Directive have been performed by the board of directors in relation to the entry into the meeting venue;

ç) in case the general assembly is convened without convocation in accordance with Article 416 of the Law, to examine whether all the shareholders or their proxies have been present and whether there is any objection to holding the meeting in this way and whether the quorum has been preserved until the end of the meeting;

d) if an amendment has been made to the Articles of Association, to determine whether the Articles of Association contain such an amendment, annual activity report of the board of directors, auditors' reports, financial statements, the agenda, if the agenda introduces an amendment to the Articles of Association, the amendment proposal prepared by the Board of Directors, the permissions received from the Capital Market Board and the Ministry in relation to the amendment to the Articles of Association and the amendment proposal which the annex thereof, the list of attendants drawn up by the board of directors, if the general assembly has been convoked upon adjournment thereof, the record of adjournment in relation to the previous meeting and such other necessary documents related to the meeting have been made available in the meeting venue and to specify this situation in the meeting minutes;

e) to carry out control of the identity of those attending the general assembly either in person or by proxy by signing the list of attendants upon an objection or requirement and to control the accuracy of the certificate of proxies;

f) to determine whether managing directors and at least one member of the board of directors and auditor have been present in the meeting and to specify this situation in the meeting minutes;

g) to chair the general assembly works within the framework of the agenda, to prevent digressing from the agenda barring the exceptions referred to in law, to ensure the order of the meeting and to take the necessary measures for this;

ğ) to open, close the sittings and sessions and to adjourn the meeting;

h) to read to or have read by the general assembly the resolution, proposal, official record, report, advice and similar documents in relation to the points to be deliberated and give word to those who want to speak about the same;

ı) to have voting conducted in relation to resolutions to be taken by the general assembly and to inform their results;

i) to observe whether the minimum quorum for the meeting has been maintained at the beginning, during and at the end of the meeting and resolutions taken have been taken in accordance with the quorums envisaged by the Law and Articles of Association;

j) to disclose to the general assembly the notices given by the proxies as referred to in Article 428 of the Law;

k) to prevent those who are deprived of the right to cast vote in accordance with Article 436 of the Law from casting vote on resolutions referred to in said Article, to observe any restriction imposed on right to cast vote and privileged casting vote in accordance with the Law and Articles of Association;

l) to postpone deliberation of financial statements upon request by shareholders holding one-twentieth of the capital and meeting the subjects connected with the same in order for them to be deliberated in the meeting to be held in the following month without the need for taking resolution in the general assembly about the same;

m) to ensure issuance of minutes of the general assembly works, to enter the objections in the minutes, to sign the resolutions and minutes and to specify in the minutes the votes cast on behalf of and against the resolutions taken in the meeting without causing any doubt; and

n) to hand over the meeting minutes, annual activity report of the board of directors, auditors' reports, financial statements, the list of attendants, the agenda, proposals, if any, voting papers of elections and their records and all other documents relating to the meeting to one of the members of the board of directors being present by means of an official record at the end of the meeting.

#### **Procedures to be done before deliberation of the agenda**

**ARTICLE 9 –** (1) The chairman reads or causes to be read the agenda to the general assembly. The chairman asks whether there is a proposal for change in the order of deliberation of the items on the agenda; if there is a proposal, this situation is submitted to the approval of the general assembly. The order of deliberation of items on the agenda may be changed with the resolution of the majority of votes of those being present in the meeting.

#### **Deliberation of the agenda and the items on the agenda**

**ARTICLE 10 –** (1) The agenda of ordinary general assembly is required to include the following points:

a) formation of chairmanship of opening and meeting;

b) deliberation of annual activity report of the board of directors, auditors' reports and financial statements;

c) discharge of the members of the board of directors and auditors, if any.

ç) election of members of the board of directors and auditors whose office period has expired;

d) determination of the rights of the boards of directors such as remuneration and attendance fee, bonuses and premiums;

e) determination of form of utilization, distribution of profit and dividend shares;

f) if any, deliberation of amendments to Articles of Association; and

g) other points deemed necessary.

(2) The agenda of the extraordinary meeting of the general assembly is constituted by reasons requiring meeting to be held.

(3) Barring the exceptions specified below, the points not included in the agenda cannot be deliberated and resolved:

a) In case all of the shareholders are present, points may be added to the agenda unanimously.

b) A special audit request by any shareholder is resolved by the general assembly irrespective of whether the same is on the agenda in accordance with Article 438 of the Law.

c) The points of dismissal of the members of the board of directors and the election of the new ones are deemed to be related to the item of deliberation of year-end financial statements and resolved by being deliberated directly in case of a request irrespective of whether there exists an item on the subject.

ç) In case of the existence of just causes such as corruption, insufficiency, violation of the obligation of commitment, hardship in performance of duty due membership to a lot of companies, lack of harmony, and fraud on a power, etc. the points of dismissal of the members of the board of directors and the election of the new ones are put on the agenda unanimously by those being present in the general assembly.

(4) An item of the agenda on which resolution has been taken by being deliberated in the general assembly cannot be deliberated and resolved again unless resolved by those being present unanimously.

(5) The points requested to be deliberated in the general assembly by the Ministry as a result of the audit conducted or due to any reason are put on the agenda.

(6) The agenda is determined by the party who calls the general assembly.

#### **Taking the floor in the meeting**

**ARTICLE 11 –** (1) The shareholders or other relevant parties intending to take the floor in the meeting on an item on the agenda being deliberated inform the chairman of their intention to do so. The chairman discloses persons to take the floor to the general assembly and gives word to such persons in order of their application. If the person whose turn to come is not present in the meeting venue, he/she loses his/her turn. The speeches are made addressed to the general assembly from the location reserved for the same. The persons may change their turn for speaking among themselves. In case the duration of speech is limited, the person who has made his/her speech in turn may continue the same only in case the person after him/her gives his/her turn to him/her and on condition that he/she completes his/her speech within the duration of speech of such person when his/her time to deliver his/her speech has expired. The duration of speech cannot be extended in any other way.

(2) The chairman may give word to the members of the board of directors and auditors who intend to give explanation on items deliberated irrespective of their order.

(3) The duration of speeches is determined by the general assembly upon request by the chairman or shareholders according to the intensity of the agenda, redundancy of items required to be deliberated, their importance and number of those who intend to take the floor. In such cases, the general assembly resolves first whether limitation of the duration of speech is necessary and on how long the duration will be with separate voting.

(4) In relation to the opinions and proposals forwarded by shareholders or their proxies participating in the general assembly on electronic ambient in accordance with Article 1527 of the Law, the principles and procedures determined in said article and in sub-arrangements shall apply.

#### **Voting and Method of Casting Vote**

**ARTICLE 12 –** (1) Before taking vote, the chairman explains the subject on which a vote is to be taken to the general assembly. If a vote is to be taken about a draft resolution, the voting is started after the same being determined and read in writing. After explanation of taking vote, permission to speak may be asked only about the procedure. If, in the meantime, a shareholder who has not been given word exists in spite of his/her request, he/she exercises such right to speak on condition that he/she reminds and the same is verified by the chairman. After initiation of taking vote, no word is given.

(2) The votes for the agenda items deliberated in the meeting shall be cast by means of raising hands. However, a secret vote shall apply upon the request of those holding one tenth of the capital represented by the attending shareholders. Such votes are scrutinized by the chairmanship. If required, the chairmanship may appoint persons in the sufficient number to assist in scrutinizing. Those who have not shown their hands are deemed to have given the vote 'refusal' and such votes are deemed to have been cast against the relevant resolution in the assessment.

(3) In relation to votes of the shareholders or their proxies participating in the general assembly on electronic ambient in accordance with Article 1527 of the Law, the principles and procedures determined in said article and in sub-arrangements shall apply.

#### **Issuance of the Meeting Minutes**

**ARTICLE 13 –** (1) The chairman signs the list of attendants indicating the shareholders or their proxies, their shares, groups, numbers and nominal values of shares and it is ensured that the minutes are issued in accordance with the principles referred to in the Law and in relevant legislation with indicating explicitly the questions posed and responses given, in brief, the resolutions taken in the general assembly and the numbers of affirmative and negative votes cast for each resolution.

(2) The general assembly meeting minutes are issued using computer or pen in a legible manner in the meeting venue and during the meeting. In order for the minutes to be able to be transcribed using computer, there should be a printer to allow for taking print out in the meeting venue.

(3) The minutes are issued in two copies at least and each page of the minutes is undersigned by the chairman and the representative of the Ministry if attended by him/her.

(4) The minutes are required to include the points such as the corporate name of the company, the date and venue of the meeting, total nominal value of shares of the company and number of shares, the total number of shares represented in person and by proxy in the meeting, name and family name of the representative of the Ministry, if he/she attended, date and number of assignment letter, if the meeting is to be held with announcement, method of the convocation, and if it is to be held without announcement, this situation.

(5) The quantities of vote in relation to the resolutions taken in the meeting are specified on the meeting minutes both in writing and number without causing any doubt.

(6) The names, family names of those casting a negative vote against resolutions taken and intending their dissension to cause to be entered in the minutes and their reasons for dissension are transcribed in the minutes.

(7) In case the reason for dissension is given in writing, this writing is added to the minutes. The minutes include the name, family name of the shareholder or his/her proxy explaining his/her dissension and bear an annotation that the writing of dissension is attached thereto. The writing of dissension attached to the minutes is signed by the chairman and the representative of the Ministry, if he/she attended.

#### **Procedures to be done after the meeting**

**ARTICLE 14-** (1) The chairman hands over at the end of the meeting one copy of the minutes and all other documents relating to the general assembly to one of the members of the board of directors being present in the meeting. This situation is determined via a separate record to be drawn up among the parties.

(2) The board of directors is obliged to submit one copy of the minutes certified by Notary Public to the relevant trade registry office and have the points subject to registration and announcement registered and announced within fifteen days at the latest from the date of meeting.

(3) The minutes are also put on the website within five days at the latest from the date of general assembly.

(4) The chairman also hands over one copy of the list of attendants, agenda and meeting minutes of the general assembly to the representative of the Ministry, if he/she attended.

**Attending the meeting in electronic environment**

**ARTICLE 15-** (1) In case of an opportunity to attend the general assembly meeting in electronic environment in accordance with article 1527 of the Law, the procedures to be performed by the board of directors and the chairmanship of the meeting shall be performed considering the pertinent legislations.

**SECTION THREE**

**Miscellaneous Provisions**

**Participation of the Representative of the Ministry and documents in relation to the meeting of general assembly**

**ARTICLE 16 –** (1) The Procedures and Principles of General Assembly Meetings of Joint Stock Companies and the provisions of the Regulation on Representatives of the Ministry of Customs and Trade – for the meetings where he/she must attend – to be present in such meetings in relation to requesting representative from the Ministry and the duties and powers of such representative are reserved.

(2) In preparation of the lists of those who shall be able to attend and being present in the general assembly and in issuance of the certificate of proxies to be used in the general assembly and meeting minutes, the provisions of the Regulation referred to in paragraph one are obligatory to be complied with.

**Points not envisaged in the Internal Directive**

**ARTICLE 17 –** (1) In case any situation not envisaged in this Internal Directive is encountered in meetings, action is taken in line with the resolution to be taken by the general assembly.

**Acceptance of the Internal Directive and Amendments hereto**

**ARTICLE 18 –** (1) This Internal Directive is put into effect, registered and announced by the board of directors with approval of the general assembly of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. The amendments to the Internal Directive are subject to the same procedure.

**Entry into Force of the Internal Directive**

**ARTICLE 19 –** (1) This Internal Directive has been accepted in the meeting of general assembly dated 29.03.2013 of Ereğli Demir ve Çelik Fabrikaları T.A.Ş. and enters into force on the date it is published on the Turkish Trade Registry Gazette.