



**Adel Kalemcilik
Ticaret ve Sanayi A.Ş.
1 January 2022
31 December 2022
Annual Report**

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1. GENERAL

Adel Kalemcilik Ticaret ve Sanayi AŞ (“the Company”) manufactures blacklead and coloring pencils as well as other stationery products and toys and it likewise markets and exports goods that it manufactures; it also imports, purchases, and sells any and all manner of raw materials and semifinished or manufactured goods related to the products that it makes.

The Company was established on 17 July 1967 and was registered with the İstanbul Chamber of Industry and the İstanbul Chamber of Commerce (96078) the same day.

Headquarters address: Fatih Sultan Mehmet Mahallesi Balkan Caddesi No: 58 Buyaka E Blok 34771 Ümraniye, İstanbul

Factory address: Şekerpınar Mahallesi Yanyol Sokak No: 7 41480 Çayırova, Kocaeli

Website: www.adel.com.tr

Adel Call Center: 0850 224 2335

1.1. CAPITAL & OWNERSHIP STRUCTURE

As of 31 December 2022 the Company’s capital amounted to TL 23,625,000, of which TL 3,637,941 was represented by 3,637,941 shares registered as per the requirements of foreign investment laws and regulations and the remaining TL 19,877,059 was represented by 19,877,059 bearer shares.

The legal name of every shareholder that owns more than 10% of the Company’s capital is presented below along with the number of shares each owns and the percentage of their ownership interest.

Shareholder	Share	Share ratio %
AG Anadolu Grubu Holding A.Ş.	13,439,211	56.89
Faber-Castell Aktiengesellschaft	3,637,941	15.40
Publicly-held shares	6,547,848	27.71

1.2. BOARD OF DIRECTORS

Chairman	Tuncay ÖZİLHAN
Deputy Chairman	Kamilhan Süleyman YAZICI
Member	Sezai TANRIVERDİ
Member	Talip Altuğ AKSOY
Member	Mehmet Hurşit ZORLU
Member	Recep Yılmaz ARGÜDEN
Member	Ahmet BOYACIOĞLU
Member	Tevfik BİLGİN
Member	Efe YAZICI
Member	Stephan ROSEN
Member	Charles Alexander Graf VON FABER-CASTELL
Independent Member	Ali Galip YORGANCIOĞLU
Independent Member	Mehmet Ercan KUMCU

The current members of the Company's board were elected at the general assembly held on 27 April 2022 for a one-year term of office or until the first general assembly is convened to discuss the Company's 2022 operational results. Board members' duties and authorities are set forth in the Company's articles of association and conform to the requirements of the Turkish Commercial Code. The Company's annual general meeting for 2021 took place on 27 April 2022 and its proceedings were registered by the İstanbul Trade Registry on 8 June 2022.

Company board-level committees and their members are presented below.

Audit Committee	Corporate Governance Committee	Early Detection of Risk Committee
Mehmet Ercan Kumcu - Chairman Ali Galip Yorgancıoğlu - Member	Mehmet Ercan Kumcu - Chairman Mehmet Hurşit Zorlu – Member Tevfik Bilgin – Member Recep Yılmaz Argüden – Member Fatih Çakıcı - Member	Ali Galip Yorgancıoğlu - Chairman Tevfik Bilgin – Member Talip Altuğ Aksoy- Member

1.3. INDEPENDENT AUDITOR

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ

Address: Süleyman Seba Caddesi BJK Plaza No 48 B Blok Kat 9 34357 Beşiktaş, İstanbul

1.4. ORGANIZATIONAL STRUCTURE

The Company conducts its operations at its headquarters in Ümraniye-İstanbul and in a single branch which is located in Çayırova-Kocaeli and which was registered with the Gebze Trade Registry (22739) on 24 June 2015.

There are no other organizational structures within the Company, whose organigram is presented below.

CEO	Ahmet Oğuz UÇANLAR
CFO	Yasemen GÜVEN ÇAYIREZMEZ
Sales Director	Tamer UYSAL
Marketing Director	Nazlı ERCİLLİ SOYLU
Human Resources and Quality Director	Salih Emre KAVUKÇUOĞLE
Operations Director*	Özgür EYÜBOĞLU
Supply Director	Zülfü TUNÇ
Information Technologies and Services Manager	Mehmet ERDEMLİ
Business Development and Innovation Director	Ali Anıl ATAL

* Operations Director Özgür Eyüboğlu left the Company as of 31 January 2023.

The average number of employees on the Company's payroll between January and December 2022 was 383.

The accumulated severance pay entitlements of the Company's employees increased by TL 23,366 thousand in the twelve months to end-2022, as of which date the total of all such entitlements amounted to TL 37,938 thousand.

The total value of all benefits (salaries, wages, bonuses, allowances etc) paid to Company employees between January and December 2022 amounted to TL 195,927 thousand.

The Company's senior executives consist of the head of the Agribusiness, Energy & Industry Group, Adel Kalemcilik's CEO, and those who report directly to Adel Kalemcilik's CEO. The total value of all benefits paid or accruing to the Company's senior executives between January and December 2022 amounted to TL 26,998 thousand.

2. OPERATIONS

2.1. THE COMPANY'S PRINCIPAL BUSINESS ACTIVITY AND POSITION IN ITS SECTOR.

One of the best-recognized names in stationery supplies and a beloved national tradition, Adel Kalemcilik's journey in Turkey began with the opening of its factory in Kartal outside İstanbul in 1969. Trusted by consumers for their superior and dependable quality, Adel Kalemcilik-manufactured products have played an important role in the schooling of successive generations.

From the very outset, Adel Kalemcilik has been working in tandem with Faber-Castell, the world's oldest maker of writing instruments. Ever since the strengthening of that partnership in 1995, Adel Kalemcilik has continued to carry out value-adding investments in Turkey without letup.

Since 2015, Adel Kalemcilik has been conducting its manufacturing operations at a 30 thousand m² plant in Çayırova where it makes nearly a thousand products such as blacklead pencils, coloring and copying pencils, ballpoint pens, mechanical pencils and leads, fineliners, highlighters, markers, oil pastels, crayons, watercolors, erasers, finger paints, modelling compounds, and gouaches.

The Turkish stationery market's stability and potential are ensured both by the country's youthful demographic profile and by an educational system in which some 26 million students ranging from preschool to post-graduate are enrolled. With numerous players, many of whom are global actors, and import-heavy, this is an intensely competitive sector. Adel Kalemcilik however is the national market leader thanks both to its production capabilities and to the knowledge and experience of more than half a century in business. The company's chief advantages are high domestic production capacity, position as the most-preferred consumer brand, product quality and reliability, distribution efficiencies, and financial strength.

From the standpoints of both production volume and diversity of offerings, Adel Kalemcilik is the biggest manufacturer of stationery products other than paper not just in Turkey but in its near abroad as well. Besides supplying its own products to more than forty countries, various Faber-Castell brand goods that the company manufactures are also exported.

Backed by half a century of operational experience, Adel Kalemcilik today markets and sells nearly 3,800 Faber-Castell, Graf von Faber-Castell, Adel, Adeland, Atlas, Max, Panfix, and Citizen branded stationery products. It also markets and sells a range of toys manufactured under its own "Adeland" brand as well as under licensing agreements with some of the world's leading toymakers.

Market research results show that Adel Kalemcilik is the sector leader by a wide margin. Its own Adel brand is recognized by 97% of consumers and Adel branded products have been used at least once by 74% of them. This market penetration is surpassed only by the company's Faber-Castell brand, which is recognized by 100% of consumers and used by 97% of them.

In keeping with its "We will never sell anything that we wouldn't let our own kids use" promise, Adel Kalemcilik has 10 thousand product-safety and 30 thousand product-quality tests conducted every year on average.

Continuing to distinguish itself through the stakeholder value that it creates, in 2022 Adel Kalemcilik was recognized as a “Happy Place To Work” in a survey of Turkey’s pleasantest workplaces conducted by an independent management consultancy. After internal and external audits were carried out to determine the effectiveness of its social responsibility management system last year, Adel Kalemcilik was also certified to be in compliance with the code of conduct of the Business Social Compliance Initiative, a global network whose members seek to improve the social performance of their supply chains.

In the conduct of all of its operations since the day it was founded, Adel Kalemcilik has also been striving to be beneficial to its stakeholders and to society at large and to support sustainable projects whose aims are the same. Under its Goodness Tree Corporate Social Responsibility Program, whose core value is “goodness”, Adel Kalemcilik undertakes projects whose priority is to deal with quality-education (SDG 4) and climate-action (SDG 13) issues in line with United Nations 2030 Sustainable Development Goals.

Quality education social responsibility projects

- In line with its aim of being a company that supports quality education, Adel Kalemcilik began partnering with the Teachers Academy Foundation in 2012 in the conduct of projects such as creativity workshops for children and a website providing teachers with free access to classroom and teaching resources. Turning increasingly more of its attention to the intellectual developmentally-crucial preschool period, in 2020 the company launched its 1500Kelime.com website, which provides resources supporting vocabulary acquisition and use in children before they start school. 1500Kelime.com is the recipient of eleven national and international awards and recognitions from highly respected educational institutions.
- Likewise under its Goodness Tree Corporate Social Responsibility Program, Adel Kalemcilik has been working with various nonprofit organizations to provide needy children with school supplies since 2016. Hundreds of thousands of schoolchildren have benefited from Adel Kalemcilik’s Goodness Tree program’s educational and learning resources in this way.

Climate action social responsibility projects

- Adel Kalemcilik continues to help ensure that forests will be passed on to future generations through the Goodness Tree reforestation project that it launched in 2020 to mark the first centenary of the declaration of National Sovereignty and Children’s Day (April 23).
- Adel Kalemcilik always gives great importance to environmental protection and sustainability in all of its production operations. Rainwater is collected and used to water factory grounds. Half of the factory’s energy requirements are met with renewables by making use of the shavings and sawdust produced during the manufacture of blacklead pencils.
- To help prevent the harvesting and depletion of the world’s natural forest resources, Adel Kalemcilik makes its blacklead pencils only from lumber produced from trees certified by the Forest Stewardship Council Chain of Custody (FSC-CoC) as having been cultivated for industrial use.

Another Sustainable Development Goal to which Adel Kalemcilik gives importance is SDG 5: “Achieve gender equality and empower all women and girls.” Women make up about 30% of Adel Kalemcilik’s workforce, a proportion that is well above the manufacturing industry’s average. As a result of its having complied with workforce gender-equality criteria defined by İŞ Asset Management and the Center for Gender Studies at Koç University, Adel Kalemcilik’s publicly-traded shares are quoted in the İstanbul stock exchange’s ISKDN index of companies that actively recruit women into their workforce and empower them to have more say in management.

2.2. SUBSIDIARIES & AFFILIATES

Adel Kalemcilik owns a 7.67% stake (historical cost value: TL 138,000.98) in the İstanbul-headquartered firm of Ülku Kırtasiye Ticaret ve Sanayi AŞ and a 50% stake (RUB 208,500,000) in the Moscow-headquartered firm of Faber-Castell Anadolu LLC. Both companies are currently inactive.

2.3. CHARITABLE DONATIONS

During 2022, Adel Kalemcilik donated a total of TL 3,304 thousand to various tax-exempt charitable foundations.

2.4. SALES

Please refer to the accompanying chart for a breakdown of net sales proceeds arising from the conduct of Adel Kalemcilik's commercial operations in 2022 together with the previous year's figures provided for comparison.

Net Sales (TL thousand)	January-December 2022	January- December 2023	Change (%)
Domestic sales	456,090	830,031	82
International sales	30,065	65,242	117
Total	486,155	895,273	84

2.5. RELATED PARTY DISCLOSURES

On the basis of an affiliation & dependency report approved by the Board of Directors of Adel Kalemcilik Ticaret ve Sanayi AŞ ("the Company"), the conclusion has been reached that the Company has engaged in no transaction with its controlling shareholder or with any subsidiary of its controlling shareholder or in any transaction which was undertaken at the direction of the controlling shareholder or for the purpose of achieving results that were of benefit solely to the controlling shareholder or any subsidiary of its controlling shareholder; that the Company has neither taken nor avoided taking any measure for the benefit of its controlling shareholder or of any subsidiary of its controlling shareholder; that all related-party transactions during 2022 took place in accordance with circumstances and conditions known to the board as being compatible with the Company's competitive conduct of business under market conditions prevailing at the time, that in each case the Company secured an arm's-length benefit, that the Company neither took nor avoided taking any measure beneficial to the interests of its controlling shareholder or of any subsidiary of its controlling shareholder but detrimental to its own and that there is therefore no counteraction or countermeasure that needs to be taken.

3. FINANCIAL PERFORMANCE

(TL thousand)	2021	2022	%
Net Sales	486,155	895,273	84%
Gross Profit	153,865	360,453	134%
EBITDA	59,659	192,283	222%
Net Profit/(Loss)	-12,698	37,492	n.m.
Net Working Capital	200,121	246,164	23%
Net Financial Debt	167,169	208,838	25%
Free Cash Flow	-16,696	15,219	n.m.
Gross Profit Margin	32%	40%	
EBITDA Margin	12%	21%	

CEO'S ASSESSMENT

During the first half of 2022, a year with an extremely fraught agenda in general, adversities arising from the Covid-19 pandemic waned but its economic impact on the global economy and effects of Russia's war on Ukraine were felt worldwide.

- In the wake of the pandemic, numerous changes took place in supply chains as well as in business and employment models and how they operate.
- Social, economic, and political events had consequences—not least of them soaring energy, food, and raw material prices—of the utmost concern for businesses across the globe.
- While developments that took place during the first two years of the pandemic as well as subsequent volatilities in currency markets drove up prices in every country, their convergence with political developments in Turkey pushed inflation to record-breaking levels.

Although the post-pandemic reopening of schools and full-time/hybrid return to offices were generally beneficial for the stationery industry, the social and economic difficulties posed by rampant inflation made it more essential than ever that our company be focused, foresightful, and prudent in the conduct of its business in order to ensure its sustainability.

Despite all the challenges that confronted it both at home and globally, our company never lost sight of its core value of “goodness”. Under its Goodness Tree Corporate Social Responsibility Program, our company continued to conduct socially-beneficial projects whose priority is to deal with quality-education and climate-action issues in line with United Nations 2030 Sustainable Development Goals.

- Our latest quality-education project is the 1500Kelime.com website which we created to support the intellectual development of preschool children. Since its launch, 1500Kelime.com has received eleven awards and recognitions from national and international organizations. According to the findings of a project-impact survey which we had conducted, 99% of teachers polled said they recommended the website as a child-development resource.
- In 2022 our company was recognized as a “Happy Place To Work” in a survey of Turkey's pleasantest workplaces conducted by an independent management consultancy and was certified to be in compliance with the code of conduct of the Business Social Compliance Initiative

With more than half a century of experience in the conduct of business, Adel Kalemçilik keeps a close and constant watch on economic developments both at home and abroad and accordingly develops long-term strategies for maintaining operational profitability, for generating strong cashflow, and for managing its financial resources effectively. Developing competitive pricing policies and exploiting alternative sales channels with a mindfulness both for rising costs and for changes in consumers' needs and purchasing power, we shape our product portfolio accordingly, take appropriate action, and focus on the healthy growth of our business.

Turning now to our end-2022 financials, we see that we achieved rather substantial growth and development in terms both of profitability and of balance sheet management. Our net sales weighed in at TL 895.3 million, our gross profit at TL 360.5 million. At 40%, our gross profit margin was eight percentage points above what it was the year before; at 21%, our EBITDA margin was nine percentage points higher. At TL 192.3 million, our 2022 EBITDA was three times that of 2021. In parallel with such improvements in gross profit margin and EBITDA performance, our company's previous-year net loss changed to a 2022 net profit of TL 37.5 million and our net debt/EBITDA ratio, which was 2.8 at end-2021, was down to 1.09 as of end-2022.

Adel Kalemcilik is a company which for many years has had a policy of and enjoyed a reputation for consistently paying an annual dividend. Our aim is to continue abiding by that policy—not just in 2022 but in the years ahead as well.

In closing I thank all of our employees especially for efforts that contributed to the performance we achieved in 2022 as well as our business partners, investors, shareholders, and other stakeholders for the roles they played in our company’s success.

A. NET SALES

Adel Kalemcilik’s net sales were up by 84% year-on in 2022 and weighed in at TL 895.3 million.

B. GROSS PROFIT & EBITDA

Despite huge increases in commodity, manufactured-input, and energy prices attributable both to inflationary environments both at home and abroad and to persistent supply chain risks, Adel Kalemcilik’s gross profit in 2022 was more than double what it was in 2021 and amounted to TL 360.5 million; at 40%, its gross profit margin was eight percentage points above what it was the year before.

Similarly, at TL 192.3 million, the company’s 2022 EBITDA was three times that of 2021, resulting in an EBITDA margin of 21% last year.

C. NET PROFIT

As of December 2022, Adel Kalemcilik showed a net profit of TL 37.5 million. Improvements in gross profit margin and EBITDA performance are what reversed the company’s previous-year loss.

D. NET WORKING CAPITAL

As of December 2022, Adel Kalemcilik’s net working capital requirement was TL 246.23 million. The ratio of the company’s net working capital requirement to net sales, which was 41% at end-2021, had improved to 27% as of end-2022.

On a year-to-year basis, Adel Kalemcilik’s net working capital was up by 23%, the principal reason for which was improvement in the company’s working capital availability in 2022.

E. NET FINANCIAL DEBT

Adel Kalemcilik’s net debt as of end-2022 was TL 208.8 million, 25% higher than what it was twelve months earlier. When accrued interest is excluded from the analysis however, the actual increase in net indebtedness was only 9%.

As a result of improved profitability and effective balance sheet management, the company’s net debt/EBITDA ratio, which was 2.8 at end-2021, was down to 1.09 as of end-2022.

F. FREE CASHFLOW

Adel Kalemcilik’s free cashflow was negative in 2021; it changed to positive in 2022 and amounted to TL 15.2 million as of end-December.

RISKS

Financial risk: Owing to its need for significantly greater amounts of working capital during the first three quarters of the year, Adel Kalemcilik's financial statements are sensitive to changes in interest rates. These movements may be up or down depending both on geopolitical risks and on macroeconomic developments in its home market. In the management of its financial risks, the company adheres to a policy of foresightfully remaining below market interest rates. Despite rising interest rates and changes in government regulations concerning credit use, lower-cost credit contracted in Q4 2021 and during 2022 helped keep the company's borrowing costs below what market rates would otherwise have made them last year. However because even more stringent restrictions on borrowing are anticipated in 2023, the company plans to diversify its sources of funding by having recourse to alternative financial instruments.

Currency risk: Adel Kalemcilik's risk management policy calls for hedging at least 50% of the company's currency risk exposure. As of 31 December 2022, the company had no currency risk exposure at all. In keeping with the same policy, the great bulk of the company's 2023 currency risk exposure has already been hedged.

Credit risk: Adel Kalemcilik requires its dealers to write it postdated checks against any orders they place during campaigns, fairs etc. When the goods are shipped, most of these checks are transferred to the company's direct-debiting system (DBS) or replaced with checks that dealers receive from their own customers. The remaining dealership credit risk is covered by means of such instruments as dealer-supplied bonds, credit card charges, letters of guarantee etc. Owing to its practice of doing business in this way, the company is not exposed to significant credit risk, which is mostly DBS-covered in any case.

2023 SECTORAL & FINANCIAL OUTLOOK

Adel Kalemcilik's 2023 strategic business plan:

- Anticipates high, double-digit growth both in net sales and in EBITDA;
- Sets a gross profit margin target above what was realized in 2022;
- Calls for effective balance sheet management and positive cashflow creation.

Adel Kalemcilik Sanayi ve Ticaret A.Ş.
Summary Income Statement
(TL thousand)

(TL thousand)	1 January- 31 December 2021	1 January- 31 December 2022
Revenues	486,155	895,273
Cost of sales (-)	(332,290)	(534,820)
Gross Profit	153,865	360,453
Operating expenses (-)	(114,284)	(218,168)
Other Operating Income /Expense (net)	(2,431)	5,979
Operating Income	37,150	148,264
Income /(expense) from investment operations	622	355
Financial income/(expense)	(51,548)	(113,440)
Income/(Loss) Before Tax from Continuing Operations	(13,776)	35,179
Tax income/(expense)	1,078	2,313
Net Income/(Loss)	(12,698)	37,492
EBITDA	56,659	192,283
Profitability Ratios	1 January- 31 December 2021	1 January- 31 December 2022
Gross Profit Margin	32%	40%
Operating Profit Margin	8%	17%
Net Profit Margin	-3%	4%
EBITDA Margin	12%	21%
Market Capitalization as of December 31 st (TL thousand)	780,098	2,657,813

Adel Kalemcilik Sanayi ve Ticaret A.Ş.
Summary Balance Sheet
(TL thousand)

	31.12.2021	31.12.2022
Cash and equivalents	342,560	292,369
Trade receivables	92,569	56,428
Inventories	113,968	240,774
Other current assets	43,314	52,913
Current Assets	592,411	642,484
Financial investments	234	4
Tangible assets	99,115	108,365
Intangible assets	11,749	15,484
Other non-current assets	4,748	42,202
Non-Current Assets	115,846	166,055
Total Assets	708,257	808,539
Short term borrowings	303,390	486,890
Short term portion of long term borrowings	195,192	17,199
Trade payables	35,895	57,815
Other current liabilities	13,835	46,136
Current Liabilities	548,312	608,040
Long term borrowings	14,107	28,260
Long term provisions	14,573	37,938
Non-Current Liabilities	28,680	66,198
Equity	131,265	134,301
Total Liabilities & Equity	708,257	808,539

4. DIVIDEND POLICY

Distributable profits are apportioned and paid in a manner prescribed in the Company's articles of association and in accordance with requirements of the Turkish Commercial Code, capital market laws and regulations, tax laws and regulations, and other applicable laws, regulations, and administrative provisions. It is the Company's policy to apportion at least 50% of each year's distributable profit as cash dividends and/or as bonus shares. However implementation of this policy may be affected by the need for investments necessitated by the Company's long-term growth or other funding requirements as well as by extraordinary developments in economic conditions. For each reporting period, the Adel Kalemcilik Board of Directors passes a resolution proposing what to do with distributable profit and submits this proposal to the general assembly of shareholders for its consideration. If dividends are paid, such payments must begin as of a date set by the general assembly of shareholders but not later than the end of the calendar year in which they convened. At the Company's option, dividends are payable as advances and/or in installments whose amounts may or may not be equal.

At the 27 April 2022 annual general meeting it was decided (1) that whereas neither the Company's TMS/IFRS unconsolidated financial statements independently audited as per "CMB Communiqué II:41.1 concerning principles with which joint stock companies subject to the Capital Markets Law must comply" nor its legal books of account for 2021 showed a current-year profit, a cash dividend of TL 15,001,875.00 is to be alternatively sourced from Company-retained prior-year profits and apportioned among resident-taxpayer corporate-entity shareholders as a gross dividend of 63.5% or TL 0.635 for each share of stock with a nominal value of TL 1.00 (corresponding to a net dividend of 57.15% or TL 0.5715 for each share of stock with a nominal value of TL 1.00) and (2) that payment of these cash dividends is to begin on 28 September 2022. These dividends were paid out as of 28 September 2022.

5. FORWARD-LOOKING STATEMENT

The Company's annual report contains a number of forward-looking statements concerning future performance which should be regarded as being bona fide assumptions concerning that performance reflecting management's expectations based on information currently available at the time the statements were made. Adel Kalemcilik's actual results are ultimately subject to risks and uncertainties that could cause them to differ materially.

CORPORATE GOVERNANCE

Recognizing proper governance as an essential component of its operations and considering it a fundamental aspect of its management approach, Adel Kalemcilik wholeheartedly embraces the Corporate Governance Principles published by the Capital Markets Board. The company strives to establish principles and structures that effectively cater to the interests of investors and all other stakeholder groups with whom it engages so as to ensure the best possible outcomes.

1. Corporate Governance Principles Compliance Statement

The company conducts all of its operations in accordance with applicable laws and regulations, including Capital Markets Board-mandated corporate governance principles (SPK KYI). During the 1 January 2022 to 31 December 2022 period covered by this report, Adel Kalemcilik complied with SPK Corporate Governance Communique II-17.1 dated 3 January 2014. This report provides information about the company's practices for each topic covered by the SPK communique during the reporting period. If any instances of non-compliance with those principles occurred, a reasoned explanation is provided. All conflicts of interest arising from non-compliance and any anticipated changes to the company's compliance practices are also fully disclosed. No conflicts of interest arising from any of the unresolved issues briefly mentioned in this report have been identified. The company's Corporate Governance Information Forms can be accessed on the Public Disclosure Platform by clicking the "Corporate Governance" button. The company's Corporate Governance Compliance Report can also be accessed on the Public Disclosure Platform by clicking the "Summary" button.

- As required by SPK KYI §4.6.5, annual reports publicly disclose the total salaries and other benefits paid to all members of the Adel Kalemcilik Board of Directors and to the company's senior executives. However, salaries and benefits are not disclosed on an individual basis.
- The company is currently not in compliance with SPK KYI §3.1, which requires all companies to publicly disclose a compensation policy for non-administrative/non-executive personnel.
- Although care is taken to avoid having directors serve on more than one board committee, as required by SPK KYI §4.5.5, some Adel Kalemcilik directors do in fact serve on more than one. The small number of board members, the limited number of independent directors, and the need to select committee members who are conversant with each committee's object and scope make this necessary.

Mehmet Ercan Kumcu
Corporate Governance Committee Chairman

Mehmet Hurşit Zorlu
Corporate Governance Committee Member

Recep Yılmaz Argüden
Corporate Governance Committee Member

Fatih Çakıcı
Corporate Governance Committee Member

Kamil Ömer Bozer
Corporate Governance Committee Member

I. SHAREHOLDERS

2. Investor Relations Unit

Adel Kalemcilik's investor relations unit is headed by the financial affairs director. The other members of this unit are the reporting & investor relations manager and the accounting manager.

Adel Kalemcilik publicly discloses information about its financial results, performance, and other developments during each reporting period with shareholders, investors, brokerage firm research analysts, and other stakeholders through meetings and on its corporate website. The company promptly updates its website with any information or statements that may impact the exercise of shareholder rights.

The Adel Kalemcilik Board of Directors received the 2022 Corporate Governance Principles Compliance Report on 28 February 2023. The report included information about investor relations activities during the reporting period.

Company officers who are responsible for investor relations are identified below:

YASEMEN GÜVEN ÇAYIREZMEZ

CFO

Investor Relations Unit Manager

yasemen.cayirezmez@adel.com.tr

0 850 677 70 00

0 850 202 72 10

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Tel: +90 850 677 70 00

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PELİN İSLAMOĞLU

Reporting and Investor Relations Manager

Investor Relations Unit Officer

E-mail: Pelin.islamoglu@adel.com.tr

Tel: +90 850 677 70 00

Fax: +90 850 202 72 10

FATİH ÇAKICI

Accounting Manager

Investor Relations Unit Officer

Capital Market Activities Advanced Level License: 208775

E-mail: fatih.cakici@adel.com.tr

Tel: +90 850 677 70 00

Fax: +90 850 202 72 10

3. Exercise of Shareholders' Right to Information

Adel Kalemcilik complies with its public disclosure policy when dealing with shareholders' requests for information. The company also promptly updates its website with any information or statements that may impact the exercise of shareholder rights. Additionally, Adel Kalemcilik treats all shareholders and investors equally by ensuring that its statements reach everyone simultaneously, accurately, and with the same information.

Shareholders' statutory rights to access information and to examine company records are not thwarted or limited by Adel Kalemçilik's articles of association or by the decisions of any company organ. The company has established all necessary mechanisms to ensure that shareholders are able to fully and comprehensively exercise these rights.

Adel Kalemçilik's articles of association do not state that a shareholder who has already exercised their right to obtain information or to conduct an audit on a specific issue and has not been satisfied may exercise this right at a general assembly of shareholders, even if the matter is not already on the agenda. However neither do they contain any provision that would make it difficult to obtain information or to conduct an audit on a specific issue; furthermore, the company's management refrains from taking any action that would do so. The company complies with the Turkish Commercial Code's applicable provisions on the exercise of shareholders' right to request a special audit. No shareholder requested the appointment of a special auditor in 2022.

4. General Assembly of Shareholders Meetings

Adel Kalemçilik conducts its general meetings in accordance with SPK Corporate Governance Principles as set forth under the "General Assembly Meetings" rubric.

Adel Kalemçilik's ordinary general meeting for 2021 was held on 27 April 2022, with a quorum of 17,107,843.399 shares corresponding to 72.41% of the 23,625,000 shares representing the company's total share capital of TL 23,625,000.

The date, time, location, and agenda of Adel Kalemçilik's 2022 annual general meeting were announced at least three weeks before the meeting date in accordance with SPK KYI and the company's articles of association. The announcements were published in *Türkiye Ticaret Sicili Gazetesi*, in the nationally-circulating newspaper *Dünya*, and on the company's website. Proxy forms were also made available on the corporate website to allow shareholders to participate in the meeting by proxy.

The minutes and attendance roster of the general meeting were published on the Public Disclosure Platform immediately after the meeting on the same day. All general meeting minutes and attendance rosters are also regularly published on the company's corporate website.

In addition to statutorily-mandated information about general meetings (announcements, minutes, attendance rosters etc), Adel Kalemçilik also complies with SPK KYI by publicly disclosing other issues on its corporate website for the benefit of shareholders:

- The total number of shares and voting rights consistent with the company's shareholding structure as of the date of the general meeting announcement was published on the corporate website.
- The meeting's agenda, as required by law, included an item to elect a new board of directors. This item only stated that an election would be held at the meeting. However the General Assembly Information Document, which was prepared in compliance with SPK KYI and published on the corporate website, contained information about board member candidates. Affidavits that independent director candidates submitted to the Adel Kalemçilik Corporate Governance Committee declaring that they meet statutory, SPK KYI, and company independence criteria were also published on the corporate website.
- When preparing the general meeting agenda, each item was given a clear and descriptive heading. All agenda items were expressed unambiguously so as to avoid any misinterpretation. The agenda was explicitly worded and avoided the use of vague terms such as "other" or "miscellaneous". All information provided about general meeting agenda items before the meeting was specific and pertinent to the item to which it referred.

- As of the date the general meeting agenda was finalized, no shareholders, the Capital Markets Board, or any other agency or organization with which the company interacts had submitted any written requests to have items included on the agenda.
- To increase shareholder attendance at general meetings, the meetings are arranged and conducted in a way that minimizes the cost and maximizes the convenience of attendance for all shareholders in a fair and equitable manner. The general meeting that took place in 2022 was held, fully in compliance with the provisions of the articles of association, at the company's headquarters located at Fatih Sultan Mehmet Mahallesi Balkan Caddesi No 58 Buyaka E Blok 34771 Tepeüstü Ümraniye İstanbul.
- The presiding officer made sure that agenda items were communicated to all attendees in a neutral, detailed, clear, and comprehensible manner throughout the meeting. All shareholders were allowed to express their opinions and to ask questions on an equal footing. The presiding officer made sure that all questions from attendees, unless they involved trade secrets, were directly addressed and answered during the meeting. All questions asked during the general meeting held in 2022 were related to agenda items and were capable of being answered immediately. The company's corporate website at www.adel.com.tr has a section called "General Assembly of Shareholders" that includes all questions asked at general meetings and the answers given to them.
- The Adel Kalemcilik Board of Directors received no information which suggested that any insiders had used their knowledge of non-public information for personal gain or to benefit third parties in violation of SPK KYI §1.3.7 and which would have required disclosure to the general meeting.
- The Board of Directors and other relevant individuals, officers responsible for the preparation of financial statements, and company auditors were all present at meeting to provide information and answer questions about agenda items that required specific attention.
- Although the company's articles of association do not require it, all stakeholders, including media representatives, may attend general meetings albeit without the right to speak or vote. No media representatives or stakeholders other than company auditors attended the general meeting held in 2022.

Material issues decided upon at the 27 April 2022 general meeting

The company's general meeting to discuss 2021 results was held on 27 April 2022. As required by law, the company's 2021 annual report and general meeting agenda were made available for shareholders to inspect at the company's headquarters and on its corporate website on the same day that the meeting was announced. Material issues decided upon at the 27 April 2022 general meeting are summarized below.

- Because the company's TAS/IFRS-compliant non-consolidated financial statements and statutory books of account for 2021 did not show a distributable profit, shareholders approved payment of a dividend out of retained prior-year profits instead. They voted to pay a gross TL 15,001,875.00 dividend of TL 0.635 or 63.5% for each share of stock with a par value of TL 1.00. This corresponds to a net dividend of TL 0.53975 or 53.98% for each share of stock with a par value of TL 1.00.
- Shareholders approved the selection of PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ as the independent auditors of the company's 1 January 2022 to 31 December 2022 accounts and transactions.
- According to SPK Profit Distribution Communiqué II-19.1 §6, if a company's articles of association do not set a cap on charitable donations, shareholders must set one. Shareholders must also be provided with information about any donations that are actually made and this information must be presented at general

meetings. In keeping with this requirement, shareholders were informed that a total of TL 21,000 had been donated to tax-exempt foundations and charities in 2021 as provided for under article 39 of the company's articles of association.

The complete text of the minutes of this meeting was made public through a material event disclosure on the Public Disclosure Platform and on the corporate website.

5. Voting Rights and Protection of Minority Shareholders

Every effort is made to ensure that shareholders are able to exercise their voting rights without difficulty. Systems and processes have been established to make it as easy and convenient as possible for all shareholders to exercise their voting rights, regardless of their location. Article 33 ("Electronic participation in general meetings") of Adel Kalemcilik's articles of association allows those who are entitled to participate in general meetings to vote electronically, subject to the provisions of Turkish Commercial Code §1527. Some shareholders and proxies who attended the 2021 general meeting online used the company's TTK §1527-compliant electronic voting system to cast their votes.

No shares representing the company's paid-in capital enjoy or confer any special rights or privileges. No shareholders have any cross-shareholding relationships with each other or with the company.

Although SPK KYI allows minority-shareholding rights to be granted to those who control less than one-twentieth of a publicly-traded company's capital, Adel Kalemcilik's articles of association do not expand these rights beyond those mandated by law.

6. Dividend Rights

All shareholders have equal rights to the distribution of the company's profits.

Adel Kalemcilik distributes profits in accordance with the profit-distribution clause of its articles of association, subject always to the requirements of the Turkish Commercial Code, Capital Market Regulations, tax laws, and all other applicable laws, regulations, and administrative provisions. It is the company's policy to distribute at least 50% of its annual distributable profits in the form of cash dividends and/or free shares. The company may deviate from this policy in special circumstances, such as when it needs to finance investments essential for long-term growth or when there are extraordinary developments in economic conditions. The Adel Kalemcilik Board of Directors passes a profit-distribution resolution for each accounting period that is presented to shareholders for approval during a general meeting. The general assembly sets the date for dividend payments to begin but this date must be before the end of the year in which the decision is made. Subject always to applicable laws and regulations, the company may decide to pay advances on dividends and/or to pay them in equal or unequal installments.

The company paid all dividends in 2022 within the legally required timeframe.

Adel Kalemcilik's Profit Distribution Policy is published in its annual report and on its corporate website. The 2022 annual report contained detailed information about how 2021 profits were distributed.

7. Transfer of Shares

The company's articles of association do not restrict the transfer of shares; likewise the company engages in no practices that might hinder the free transfer of shares.

II. DISCLOSURE & TRANSPARENCY

8. Public Disclosure Policy

Adel Kalemcilik is committed to fully complying with Capital Markets Board Corporate Governance Principles pertaining to public disclosures and transparency. The company has adopted and published a public disclosure policy that covers all disclosures made to the public other than those required by law. This policy covers all aspects of public disclosure such as what information may be disclosed, who may disclose it, how often, and in what ways; how often company directors and officers may meet with media representatives; the frequency of public information meetings; and guidelines for responding to questions directed to the company.

Adel Kalemcilik publicly discloses all company-related information on the Public Disclosure Platform (www.kap.gov.tr) and on its corporate website in accordance with SPK KYI. The company's public statements are designed to help people make informed decisions. All information is provided in a clear, concise, and easy-to-understand manner; is accurate, complete, and up-to-date; and is conveniently and affordably accessible to all.

Adel Kalemcilik also uses the e-YÖNET platform to directly and effectively interact with its shareholders and investors. This platform was developed by the Central Registry Agency and provides a secure and convenient way for Adel Kalemcilik to communicate with its stakeholders.

In 2022, Adel Kalemcilik published 21 material event disclosures conforming to SPK regulations. All announcements were made in a timely manner on the Public Disclosure Platform and on the company's corporate website.

The Adel Kalemcilik Financial Affairs Department is responsible for ensuring compliance with the company's public disclosure policy. It does this in coordination with the Adel Kalemcilik Corporate Governance Committee. Detailed information about policy-compliance officers and their roles may be found in the "Investor Relations Unit" section of this report.

The company publishes an annual report that discloses its year-end financial results along with expectations for the next year and the assumptions and data on which those expectations are based. If the assumptions and data used to create expectations for the year are not met, or if it is clear that they will not be met, the company releases updated expectations to the public through interim reports. These reports include explanations for the changes in expectations.

The Adel Kalemcilik Public Disclosure Policy is published on the company's corporate website.

9. Corporate Website & Content

Adel Kalemcilik's corporate website is located at www.adel.com.tr. The company makes active use of this website and updates its information frequently. All information on the corporate website is complete, coherent, and self-explanatory. The information is also consistent with the company's legally-mandated material event disclosures. The corporate website's address is included in the company's letterhead. Complete information about the website is provided in §2.1 ("Corporate website") of the corporate governance principles compliance report. An English-language version of Adel Kalemcilik's website is accessible from www.adel.com.tr, however information about investor relations is not currently available in that language.

10. Annual Reports

The company's annual reports provide readers with accurate and complete information about the company's activities and operations. They are prepared with sufficient detail to do so. Annual reports contain information

required by law and SPK KYI, as well as information published in §2.2.2 of the company's corporate governance principles compliance reports.

III. STAKEHOLDERS

11. Informing Stakeholders

A company's stakeholders are any individuals, organizations, or groups that have a stake or interest in the company's goals or activities. Stakeholders include a wide range of entities such as employees, customers, suppliers, shareholders, investors, government agencies, communities, and more. Adel Kalemcilik takes steps to protect the statutorily or contractually defined rights of stakeholders with whom it interacts. In situations where stakeholders' rights are not explicitly defined by statute or contract, the company makes a good-faith effort to uphold those rights to the best of its ability. Adel Kalemcilik has implemented all necessary mechanisms to comply with SPK KYI in its dealings with stakeholders.

Although SPK KYI §3.1.2 requires organizations to formulate an employee compensation policy and publicly disclose it, the company has not yet done so.

The company is committed to maintaining stakeholder satisfaction by promptly resolving issues involving employees and other stakeholders. ADEL Consultation Line (0850 224 2335) has been in operation since 2013 and is open seven days a week from 08:00 to 20:00. Incoming calls are answered promptly and resolved within designated timeframes by appropriate department personnel.

The company ensures that its internal stakeholders (employees, suppliers, customers, consumers) are kept informed about matters of concern to them in various ways and through various channels. External stakeholders are informed about matters of concern to them by company officers through such means as annual reports, in-person meetings, trade fairs, and school and university campus events.

The company also organizes employee development programs, which include classroom training, e-learning, on-the-job training, and knowledge-sharing.

The Adel Kalemcilik Corporate Governance Committee has established reporting mechanisms for stakeholders to use to report non-compliant or unethical behavior by the company to the committee and to the Audit Committee. The Audit Committee is also responsible for determining whether or not management has established a system conforming to the committee's business-conduct rules and ethical standards. The Audit Committee additionally reviews whether management monitors the company's compliance with business-conduct rules and ethical standards, conducts abuse risk assessments, and provides training on abuse, business-conduct rules, and ethical standards.

12. Stakeholder Participation in Management

Adel Kalemcilik solicits stakeholders' opinions on decisions that may affect them and considers them. The company uses market research, polls, meetings, and other methods to learn stakeholders' thoughts about the company and its products and services.

Employees may submit value-adding ideas to management through the Bi-Fikir system on the Anadolu Group Innovation Portal. They may also submit ideas or requests for improvements in human resources management processes through the regularly-conducted Adel Kalemcilik Employee Loyalty Survey.

Complaints or requests received from customers, suppliers, or consumers through the ADEL Consultation Line are responded to and resolved within designated timeframes by appropriate department personnel.

All customer and supplier information that is in the nature of a trade secret is held in the strictest confidence.

13. Human Resources Policy

The company's human resources policy and associated practices are fully compliant with SPK KYI §3 ("Human Resources Policy of the Corporation").

Adel Kalemcilik regards compliance with its human resources policy as one of its most basic goals and strategies. This is a policy which does not discriminate based on race, nationality, gender, or religion and which takes pride in the differences and abilities of its employees and sees them as an opportunity for its own development as a company. The company invests in employees' self-improvement and takes care to provide personnel with a safe workplace environment while respecting their rights under laws and regulations. The company invests in people and emphasizes training and development for personnel at every level that prepare them better for the future. Adel Kalemcilik aims to provide equal opportunities for all employees in such areas as recruitment, hiring, compensation, training, benefits, and career progression. It also prioritizes employee satisfaction and needs.

The company's relationship with its blue-collar workers is governed by a collective bargaining agreement. This agreement provides for three union representatives (a chief and two assistants) to act as intermediaries between the company and union members at the factory. These representatives are responsible for communicating the demands, complaints, and problems of blue-collar workers to the employer in a manner that complies with the law and the terms of the collective bargaining agreement. They also represent employees before the employer in matters related to health & safety and disciplinary issues and likewise follow up on and finalize the results of all actions taken. Six employees are elected by their peers to serve on the factory's workplace health & safety committee. Three of them serve as regular members while the other three serve as alternates.

Adel Kalemcilik has a procedure in place for employees to directly contact management with requests or complaints. No employee has filed a discrimination complaint. Women make up about 30% of the company's workforce; about 32% of its managers are women.

Employees can access all job descriptions through the company's intranet. Performance reviews are conducted through an online system. Evaluation and reward criteria, along with expectations, are communicated to employees at the beginning of each year.

14. Ethical Guidelines & Social Responsibility

Adel Kalemcilik's strong commitment to ethical behavior is in line with the long-standing corporate culture of its parent company, Anadolu Holding. Adel Kalemcilik's ethical guidelines and principles are available on the company's website. Society, nature, the environment, national values, customs, and traditions are all respected. The company publicly discloses all material information about its management, finances, and exposure to legal risks in a timely, accurate, comprehensive, understandable, analyzable, and easily-accessible manner. This information is disclosed in a way that takes the rights and interests of both the company and its stakeholders into account. All transactions and decisions made by the company comply with the laws of the Republic of Turkey. The company fulfills all legal obligations towards the environment and community of its locality without fail. Every year the company donates substantial quantities of school and stationary supplies to local schools, governments, and public authorities to be given to disadvantaged students.

IV. BOARD OF DIRECTORS

15. Structure & Composition of the Board of Directors

Adel Kalemçilik's articles of association state that the company's business and affairs are to be overseen by a board of directors with a minimum of seven and a maximum of thirteen members. The current board has 11 members, with one chair and one deputy chair.

Information about Duties Performed outside the Company by Members of the Board of Directors and Managers

Board of Directors	Position	Duties outside the company
TUNCAY ÖZİLHAN	Chairman of the Board of Directors	Chairman of AG Anadolu Grubu Holding A.Ş.; Chair, Deputy Chair, Member of the Boards of Directors of Anadolu Group Companies
KAMİLHAN SÜLEYMAN YAZICI	Deputy Chairman of the Board of Directors	Deputy Chair, Member of the Boards of Directors of Anadolu Group Companies; Chair of Kamil Yazıcı Yönetim ve Danışma AŞ
SEZAI TANRIVERDİ	Member of the Board of Directors	Member of the Boards of Directors of Anadolu Group Companies; General Manager of Kamil Yazıcı Yönetim ve Danışma AŞ
TALİP ALTUĞ AKSOY	Member of the Board of Directors	Member of the Boards of Directors of Anadolu Group Companies
MEHMET HURŞİT ZORLU	Member of the Board of Directors	Anadolu Group CEO; Member of the Boards of Directors of Anadolu Group Companies
RECEP YILMAZ ARGÜDEN	Member of the Board of Directors	Chair of the Board of Directors, ARGE Danışmanlık AŞ & Rothschild Türkiye; Turkish Basketball Federation, Vice President & Executive Committee Member; Akiş GYO, Independent Director; Member of the Boards of Directors of Anadolu Group Companies
AHMET BOYACIOĞLU	Member of the Board of Directors	Member of the Boards of Directors of Anadolu Group Companies; Anadolu Efes Sports Club, Vice President
ALİ GALİP YORGANCIOĞLU	Member of the Board of Directors	AG Anadolu Grubu Holding A.Ş., Coca-Cola İçecek Member of the Boards of Directors
MEHMET ERCAN KUMCU	Member of the Board of Directors	AG Anadolu Grubu Holding AŞ, Independent Member of the Boards of Directors; Tekfen Sigorta ve Aracılık Hizmetleri AŞ, Chair; Toros Tarım AŞ, Deputy Chair; Tekfen Teknoloji AŞ, Chair; Toros Tarım AŞ, Chair; Tekfen Teknoloji AŞ, Member of the Boards of Directors; Tekfen Holding AŞ, Member of the Boards of Directors
TEVFİK BİLGİN	Member of the Board of Directors	Member of the Boards of Directors of Anadolu Group companies; Cement Employers' Union, Member of the Boards of Director; Nuh Çimento Sanayi AŞ, chair ; Nuh Education Health Foundation, Member of the Boards of Director
EFE YAZICI	Member of the Board of Directors	Member of the Boards of Directors of Anadolu Group Companies; Antalya Gıda AŞ, General Manager; Billur Tuz AŞ, Member of the Board of Directors
STEPHAN ROSEN	Member of the Board of Directors	Faber-Castell Vertrieb GmbH, European Sales Director; Faber-Castell France, Faber-Castell Italy, Faber-Castell Scandinavia General Manager
CHARLES ALEXANDER GRAF Von FABER-CASTELL	Member of the Board of Directors	A.W. Faber-Castell Vertrieb GmbH, Senior Executive; Faber-Castell Audit Committee, Member

Board members' resumes, including their outside duties, are available on the company's website. The company does not have specific rules governing board members' extramural roles or duties, but SPK KYI regulations are followed in such matters.

The company's articles of association require the Board of Directors to elect a new chair and deputy chair annually. The chair is responsible for overseeing board meetings, for ensuring that discussions are conducted in an orderly manner, and for having minutes kept of all discussions.

The company's articles of association define the powers of the board's chair and members and of senior executives. No one in the company has been granted the authority to make unlimited decisions on their own.

SPK KYI §4.3 ("Structure of the Board of Directors") states that a majority of board members must be non-executive directors, at least two of whom must be independent directors. The Adel Kalemcilik Board of Directors satisfies these requirements.

Under SPK KYI §4.5.1, if the structure or size of a board does not allow for a separate nomination committee, the company's corporate governance committee is to serve as a nomination committee instead. In its capacity as a nomination committee, the Adel Kalemcilik Corporate Governance Committee individually reviewed the independent director candidacies of Mehmet Ercan Kumcu and Ali Galip Yorgancıoğlu to determine if they met SPK KYI independence criteria. Finding that each did, the committee submitted its opinion and approval to the Adel Kalemcilik Board of Directors on 4 April 2022. The signed affidavits previously submitted by each candidate to the Corporate Governance Committee, stating that they conform to the independence criteria of laws and regulations, SPK KYI, and the company's articles of association, are presented in Appendix 2.

An information document was published simultaneously with the general meeting announcement, listing the independent director candidates and providing information about each candidate, including their resumes. Shareholders approved the appointment of these independent directors for a one-year term each, effective as of 27 April 2022.

All members of the Adel Kalemcilik Board of Directors are non-executive directors. The company's articles of association requires directors to be elected for one-year terms of office. Directors may be reelected.

None of the members of the Adel Kalemcilik Board of Directors is female.

16. Board of Directors Operating Principles

The Adel Kalemcilik Board of Directors is responsible for administering the company in a transparent, accountable, fair, responsible, and SPK KYI-compliant manner.

The Adel Board of Directors is responsible for maintaining effective communication between the company and its shareholders and for addressing and resolving disputes that may arise. It does this by working closely with the Corporate Governance Committee and the Investor Relations Unit.

During the reporting period, six board meetings were held in person. Two meetings had ten attendees, two had eleven attendees, and two had thirteen attendees. Meetings to discuss the company's monthly results were announced at the beginning of the reporting period. Other meeting dates were announced two days beforehand by the director of communications secretariat.

Minutes are kept of all board meetings and proceedings as required by SPK KYI. Board meetings discuss recent performance and current developments as well as future growth plans, strategies for dealing with competitors, matters touching upon the company's human resources organizational structure, and other topics. Board minutes of purely commercial decisions are not publicly disclosed until all related matters have been decided, as doing so might otherwise lead to speculation and business losses. However, all decisions related to material events are publicly disclosed as required by SPK KYI.

As required by SPK KYI, a majority of the company’s independent directors must approve all board decisions involving related-party transactions.

17. Number, Structure & Independence of Board of Directors Committees

SPK KYI §4.5.1 mandates the establishment of separate audit, corporate governance, nomination, and remuneration committees within boards of directors to enable the boards to perform their duties and fulfill their responsibilities effectively. The same article also says that if the composition of a board is such as to preclude the formation of separate nomination and remuneration committees, then the corporate governance committee is to perform those functions instead.

Audit, corporate governance, and risk committees have been duly formed within the Adel Kalemçilik Board of Directors. The functions of the two committees which have not been formed are carried out by the Corporate Governance Committee as permitted by SPK KYI.

Under SPK KYI §4.5.2, a board of directors is responsible for determining duties, working principles, and members of board committees and for publicly disclosing these matters. On 15 March 2013 the Adel Kalemçilik approved a regulation conforming to the requirements of SPK KYI that defined the duties and working principles of the Risk Committee. Regulations governing the duties and working principles of the audit and corporate governance committees were revised on 28 March 2014. All such regulations and changes in them are publicly disclosed on the company’s corporate website at www.adel.com.tr.

SPK KYI §4.5.3 says that all audit committee members and the chairs of other board committees must be independent directors. On 29 April 2022, the Adel Kalemçilik Board of Directors elected board-committee chairs and members to serve one-year terms of office. As required by SPK KYI, the company’s CEO is not a member of any board committee.

Information about Adel Kalemçilik Board of Directors committees is provided in the accompanying chart.

Audit Committee	Corporate Governance Committee	Early Detection of Risk Committee
Mehmet Ercan Kumcu - Chairman Ali Galip Yorgancıoğlu - Member	Mehmet Ercan Kumcu - Chairman Mehmet Hurşit Zorlu – Member Tevfik Bilgin – Member Recep Yılmaz Argüden – Member Fatih Çakıcı - Member	Ali Galip Yorgancıoğlu - Chairman Tevfik Bilgin – Member Talip Altuğ Aksoy- Member

	Independent Member	Executive Duties
Audit Committee		
Mehmet Ercan Kumcu - Chairman	Yes	No
Ali Galip Yorgancıoğlu - Member	Yes	No
Corporate Governance Committee		
Mehmet Ercan Kumcu - Chairman	Yes	No
Mehmet Hurşit Zorlu – Member	No	No
Tevfik Bilgin – Member	No	No
Recep Yılmaz Argüden – Member	No	No
Fatih Çakıcı - Member	No	No
Early Detection of Risk Committee		
Ali Galip Yorgancıoğlu - Chairman	Yes	No
Tevfik Bilgin – Member	No	No
Talip Altuğ Aksoy- Member	No	No

Board committee chairs and members are nominated and elected taking into account the issues of the size of the Adel Kalemcilik boards of directors, the limited number of independent directors, and the need to select committee members who are conversant with each committee's object and scope

The Adel Kalemcilik Board of Directors' assessment of the working principles and effectiveness of board committees is presented in Appendix 1 of the Corporate Governance Compliance Report.

18. Risk Management & Internal Control Mechanisms

The Adel Kalemcilik Board of Directors has established a risk committee to identify and assess risks that could jeopardize the company's existence, development, and continuity. This committee takes steps to mitigate these risks and to manage them effectively. The Risk Committee meets as needed to perform its duties effectively but must convene at least twice a year. The committee regularly reports its activities, meeting agendas and decisions, and recommendations to the full board.

Adel Kalemcilik has established a Risk Management & Internal Control System (RMIC). The company's management is responsible for the operation and control of the RMIC. The chief financial officer (CFO) provides guidance and assurance on matters pertaining to the RMIC and reports directly to the Risk Committee.

Adel Kalemcilik senior executives identify significant opportunities and threats that may arise in the course of the company's operations and they manage both in line with the company's appetite for risk. They do this in the context of an overall Adel Kalemcilik Corporate Risk Management Framework. This is a systematic and disciplined process that has been created within the company to determine Adel Kalemcilik's business strategies. The process is informed by all of the company's personnel and informs all of the company's practices.

The Corporate Risk Management Framework ensures that both potential risks to the realization of the company's goals and those risks which are most in need of attention are communicated to management in a coordinated

manner. High-priority risks and action plans for mitigating them are submitted to the Risk Committee, which reviews and presents them to the full board. This process is also fully integrated into all of the company's strategic business plans.

The company manages risks in a variety of ways as highlighted below.

- Performance and risk indicators are used as an early warning system for tracking risks and taking necessary measures in a timely manner. The SAP system, which is integrated into all company processes, is an effective technological decision support system deployed for this purpose.
- Operational processes and results are monitored in real time. This helps prevent human error while also increasing the effectiveness of risk-detection and internal control. An advanced internal communication system makes it possible to intervene and come up with solutions in the least amount of time.
 - Effective business-continuity, crisis, and insurance management processes are used to prevent or mitigate losses arising from *force majeure* risks and from risks (such as supply chain problems) that might disrupt the conduct of business and production.
 - The company invests in backup systems to protect its data and primary systems from unforeseen events.
 - Environmental factors and extraordinary situations are constantly monitored and investigated to identify their causes. Measures to minimize risk are continuously implemented.

The Adel Kalemcilik Internal Audit Department has formulated a risk-based auditing plan. The department regularly reviews the company's risk management and internal control system in accordance with the plan and reports to company management and to the Audit Committee any issues that could potentially jeopardize:

- • The accuracy and reliability of financial and operational information
- • The company's operational effectiveness and efficiency
- • The wellbeing of company assets
- • The company's legal, regulatory, or contractual compliance.

The company's operational and management processes are certified as compliant with the ISO 9001 Quality, ISO 14001 Environmental, ISO 45001 Occupational Health & Safety, and ISO 50001 Energy Management standards. In 2022, the company made its processes even more robust by qualifying for Business Social Compliance (BSCI) Social Compliance and Zero Waste certifications.

Adel Kalemcilik meticulously complies with all occupational health & safety and environmental laws and regulations. The company has obtained all mandatory emissions, discharge quality control, noise, vibration, odor, waste management, and other environmental-safety licenses and permits. It continuously monitors compliance with the terms of these licenses and permits through internal audits.

19. The Company's Strategic Objectives

The Adel Kalemcilik Board of Directors has created corporate mission and vision statements. Both statements are publicly disclosed on the company's corporate website.

Adel Kalemcilik corporate vision statement

To be part of the life of everyone who wants to shape, colorful of their own dreams and leave a mark in future.

Adel Kalemcilik corporate mission statement

To be an international company that supplies high-quality, innovative products and services, is socially and environmentally responsible, and is ethical in its behavior.

Adel Kalemcilik corporate values statement

- • Quality
- • Innovation
- • Goodness
- • Success

The Adel Kalemcilik Board of Directors manages and represents the company with a mindfulness for the company's long-term interests. Taking a rational and prudent approach to risk management, the board makes strategic decisions with the aim of striking the right balance between risk, growth, and return. The board is also responsible for achieving the company's operational and financial performance targets. Managers formulate annual budgets and business plans and submit them to the board, which approves and authorizes their implementation. Managers also submit monthly budget and business plan performance reports, which the board reviews and assesses.

20. Financial Rights

Non-independent directors do not receive any fees or other benefits. At the 2021 general meeting held on 27 April 2022, shareholders voted to pay each independent director a net annual fee of TL 252,000, to be paid in equal monthly installments in order to preserve their independence. No other fees or benefits are paid to board members. Adel Kalemcilik complies with the SPK KYI §4.6.5 requirement to publicly disclose all remuneration and other benefits provided to board members and senior executives in its annual reports. However, the company reports these amounts on a collective rather than individual basis.

The company has implemented strict policies to ensure that no board member or senior executive receives any loans or credit from the company. This includes not extending loan terms, improving loan conditions, and providing indirect loans or credit in the form of cash or guarantees through third parties.

SPK KYI §4.6.2 requires companies to have a written policy on board member and executive remuneration. This policy must be published on the company's website and presented as a separate agenda item at general meetings. Shareholders must be given the opportunity to express their opinions about the policy. Adel Kalemcilik complies with SPK KYI §4.6.2 and publicly discloses its Remuneration Policy on its corporate website at www.adel.com.tr.

Adel Kalemcilik does not have a board-level remuneration committee. Instead, the Corporate Governance Committee performs the duties of a remuneration committee. This is permitted by SPK KYI.

Appendix 1

BOARD OF DIRECTORS' ASSESSMENT OF THE WORKING PRINCIPLES AND EFFECTIVENESS OF BOARD COMMITTEES

Subsequent to the SPK KYI-compliant election of its chair and members, the Adel Kalemcilik board of directors convened and on 29 April 2022 appointed:

- Independent directors Mehmet Ercan Kumcu as chair and Ali Galip Yorgancıođlu as member of the company's audit committee;
- Independent director Mehmet Ercan Kumcu as chair and Tefvik Bilgin, Mehmet Hurşit Zorlu, Recep Yılmaz Argüden, and Investor Relations Unit accounting manager Fatih Çakıcı as members of the company's corporate governance committee;
- Independent director Ali Galip Yorgancıođlu as chair, and directors Tefvik Bilgin and Talip Altuđ Aksoy as members of the company's risk committee.

On 15 March 2013 the Adel Kalemcilik approved a regulation conforming to the requirements of SPK KYI that defined the duties and working principles of the risk committee. Regulations governing the duties and working principles of the audit and corporate governance committees were revised on 28 March 2014. All such regulations and changes in them are publicly disclosed on the company's corporate website at www.adel.com.tr.

In 2022, all Adel Kalemcilik Board of Directors committees actively fulfilled their duties and responsibilities as outlined in their own regulations and as mandated by SPK KYI.

To ensure the effectiveness of their work and the fulfillment of their duties and responsibilities as outlined in their own regulations and in accordance with their annual meeting schedules, these committees convened in 2022 as follows:

- The Audit Committee convened four times (24 March 2022, 5 July 2022, 20 October 2022, 8 December 2022).
- The Corporate Governance Committee convened four times (1 March 2022, 5 May 2022, 9 August 2022, 31 October 2022).
- The Risk Committee convened 6 times (1 March 2022, 5 May 2022, 5 July 2022, 1 September 2022, 9 November 2022, 2 January 2023).
- At the conclusion of every meeting, each committee submitted a report to the Adel Kalemcilik Board of Directors detailing its recent work and results as follows:
- The Audit Committee, which is responsible for ensuring that all internal and independent audits are conducted sufficiently and transparently and that the internal control system is implemented effectively, reported its opinions and recommendations on the internal audit and control system.

The Corporate Governance Committee, which was established to monitor the company's compliance with corporate governance principles, to make recommendations to the Board of Directors, and to improve the company's corporate governance practices, ascertained whether or not the company is complying with corporate governance principles. If the company was not in compliance, the committee identified the reasons for non-compliance and potential conflicts of interest that could arise from non-compliance. The committee also reviewed the operations of the Investor Relations Unit. The committee submitted its report on recommended improvements to the full board.

- The Risk Committee, which is responsible for identifying, assessing, and managing risks that could jeopardize the company's existence, development, and continuity, reviewed the company's risk management systems to ensure they comply with SPK KYI and reported its findings to the full board. The committee also submitted the bimonthly reports required by article 378 of the Turkish Commercial Code (Statute 6102) to the full board.

Appendix 2: Declaration of Independence by Independent Board Members

<p>I hereby declare that, with respect to Adel Kalemcilik Sanayi ve Ticaret A.Ş. (the Company);</p> <ul style="list-style-type: none"> • No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same, • I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company, • I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member, • I am not a full time employee with any public entity or organization following my election, • I am assumed to be a resident in Türkiye in accordance with the Income Tax Law, • I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries; • I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed, • I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years, • I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member, • I have not been registered and announced as a board member representing the legal entity for which I will be elected. <p>Mehmet Ercan Kumcu</p>	<p>I hereby declare that, with respect to Adel Kalemcilik Sanayi ve Ticaret A.Ş. (the Company);</p> <ul style="list-style-type: none"> • No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same, • I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company, • I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member, • I am not a full time employee with any public entity or organization following my election, • I am assumed to be a resident in Türkiye in accordance with the Income Tax Law, • I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries; • I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed, • I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years, • I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member, • I have not been registered and announced as a board member representing the legal entity for which I will be elected. <p>Ali Galip Yorgancıoğlu</p>
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Corporate Governance Compliance Report 2022

	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	There is nobody who has privileged access to shareholding information.
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					

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					X	There are no cross-ownership relations within our Company's capital.
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			Minority interests have not been determined as lower than one twentieth of the capital as per the Articles of Association and provisions of Commercial Code and CMB are applied for minority interests in matters which are not specified in the Articles of Association.
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	Since there is no Net Income for the Period Available for Distribution for the fiscal year 2021, based on the Profit Distribution Statement prepared in accordance with the Dividend Guidance of Capital Market Board, decision was taken at the Ordinary General Assembly held on 27 April 2022 that TL 15,002 gross income from prior year profits to be distributed as TL 0.635 per each TL 1 par value share to full-fledged taxpayers at a gross rate of 63.5% and as TL 0.5715 per each TL 1 par value share at a gross rate of 57.15% in cash starting at 28 September 2022 and dividend payments were completed from 28 September 2022 on.
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			The Company has a web site in English, however not all the content in Turkish has been included in the English web site.
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				Some of the policies or procedures addressing stakeholders' rights are published on the company's website.
3.1.4 - A whistleblowing program 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			There are no provisions at the Articles of Association regulating participation of employees in management but it is regulated by the Company's internal practices and applications.
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			Obtaining opinions from stakeholders on decisions that significantly affect them is adopted as a principle. Accordingly, the Company shows effort to obtain stakeholders' opinions considering factors such as time constraints and nature of the decision.

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 organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.		X				Employees are being informed from time to time, however for specific matters meetings are held for only executive management level.
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				Although it was stated in the annual report that the board of directors are in compliance with the duties and authorities in accordance with the Turkish Commercial Code, there is no detailed information about the regulation.
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			There is no policy at the board of directors setting a minimal target of 25% for female directors.
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					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.			X			As a principle, the opinions of board members that cannot attend the meeting, but submit their opinion in written format, are presented to other members. However, there were no cases of submission of written opinions in practice yet.
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			There are no limits to external commitments of board members. Those external commitments of board members are presented to shareholders at the General Assembly and through KAP (Public Disclosure Platform).
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Board members serve in more than one committee due to the number of board members.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.					X	Committees can invite persons to the meetings as deemed necessary to obtain their views, however no cases of this type were realized.

4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	There has been no need for external consultancy for the activities of the Committees. Information required will be presented in the annual report in case of such a service obtained.
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			There are no performance evaluations.
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				Salaries, premiums and similar benefits for executive management are disclosed as a total in the annual report, no individual disclosure was provided.

Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	None.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	None.
The number of special audit requests that were accepted at the General Shareholders' Meeting	None.
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/1024292
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Not provided
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	In the context of Principle 1.3.9, there are no transactions that are not approved by the majority of independent directors or by unanimous votes of present board members.
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)	In the context of Article 9 of the Communiqué on Corporate Governance, there are no related party transactions.
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)	https://www.kap.org.tr/tr/Bildirim/1016107
The name of the section on the corporate website that demonstrates the donation policy of the company	Our policy for donations and aids is included in Articles of Association and disclosed at our web site.
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/1024292
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Resolved at the Articles 32 and 33 of the Articles of Association.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Other than shareholders, auditors and employees from the Company attended the 2021 General Assembly. There are no limitations for the participation of stakeholders to the general Assembly.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares	There are no voting privileges.
The percentage of ownership of the largest shareholder	72.41%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	None.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy.	https://www.adel.com.tr/tr/yatirimci-iliskileri/ticaret-sicili-bilgileri/kar-dagitim-politikasi-ve-temettu-bilgisi
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.	At the 2021 Ordinary General Assembly held in 2022, profit distribution proposal was presented by the board of directors and it was approved.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	At the 2021 Ordinary General Assembly held in 2022, profit distribution proposal was presented by the board of directors and it was approved.

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	Percent age of shares directly present at the GSM	Percent age 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
27.04.2022	0	72.41%	0%	72.28%	Information can be reached at Adel Kalemcilik corporate web site under Investor Relations / Trade Registry Information / General Assemblies and Proxy Statements.	Information can be reached at Adel Kalemcilik corporate web site under Investor Relations / Trade Registry Information / General Assemblies and Proxy Statements	14	113	https://www.kap.org.tr/tr/Bildirim/1024292

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.	Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares	At our Corporate web site and KAP General Information- Capital and Shareholding Structure Information.
List of languages for which the website is available	Turkish

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	Duties of the members of the board of directors and executives conducted out of the company are disclosed in the Annual Report > Corporate Governance > IV Board of Directors >15.Structure and Establishment of the Board of Directors. Declarations on independence of board members are stated in the Annual Report > Report on Corporate Governance > Appendix 2.
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	Under the topic: Annual Report > Corporate Governance > IV Board of Directors > 17. Number, structure and Independence of Committees Established within the Board of Directors.
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	Under the topic: Annual Report > Corporate Governance > IV Board of Directors > 16. Operating Principles of the Board of Directors.
ç) 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	There were no amendments in the legislation which may significantly affect the activities of the Company.
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	Under the topic: Annual Report > Financial Statements and Independent Auditor's Report > Note 13 Provisions, Contingent Assets and Liabilities.
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	Investment consulting and rating services are not obtained.
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%	There are no cross-ownerships.
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	Under the topic: Annual Report > Report on Corporate Governance > 14. Principles of Ethics and Social Responsibility
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	None
The number of definitive convictions the company was subject to in relation to breach of employee rights	None
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	CEO
The contact detail of the company alert mechanism	etik@adel.com.tr
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	None
Corporate bodies where employees are actually represented	Labor Union
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Appointments to key management positions in this context are evaluated at the board of directors' level.
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.	Included under Human Resources / Human Resources Practices at our corporate web site.

Whether the company provides an employee stock ownership programme	There is no 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.	Included under Human Resources / Human Resources Practices at our corporate web site.
The number of definitive convictions the company is subject to in relation to health and safety measures	None
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Included under Human Resources / Human Resources Practices at our corporate web site.
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.	There is no social responsibility report, but there are policies under the Sustainability topic.
Any measures combating any kind of corruption including embezzlement and bribery	Included at our web site, under the section Sustainability/Governance/ Business Ethics and Combatting Against Corruption and Bribery.
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	None
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	None
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	Four
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	Included in Annual Report Corporate Governance > IV Board of Directors > 18. Risk Management and Control Mechanisms.
Name of the Chairman	Tuncay Özilhan
Name of the CEO	Ahmet Oğuz Uçanlar
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Not combined
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	https://www.kap.org.tr/tr/Bildirim/1108361
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None
The number and ratio of female directors within the Board of Directors	None

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
TUNCAY ÖZILHAN	Non-executive	Not independent director	30.03.1987		Not considered	No	Yes
KAMİLHAN SÜLEYMAN YAZICI	Non-executive	Not independent director	13.04.2017		Not considered	No	Yes
SEZAİ TANRIVERDİ	Non-executive	Not independent director	18.04.2016		Not considered	No	Yes
TALİP ALTUĞ AKSOY	Non-executive	Not independent director	15.04.2021		Not considered	No	Yes
MEHMET HURŞİT ZORLU	Non-executive	Not independent director	03.04.2021		Not considered	No	Yes
RECEP YILMAZ ARGÜDEN	Non-executive	Not independent director	13.04.2017		Not considered	No	Yes
AHMET BOYACIOĞLU	Non-executive	Not independent director	13.04.2017		Not considered	No	Yes
ALİ GALİP YORGANCIOĞLU	Non-executive	Independent director	05.04.2018	https://www.kap.org.tr/tr/Bildirim/1024292	Not considered	No	Yes
MEHMET ERCAN KUMCU	Non-executive	Independent director	05.04.2018	https://www.kap.org.tr/tr/Bildirim/1024292	Not considered	No	Yes
TEVFİK BİLGİN	Non-executive	Not independent director	27.04.2022		Not considered	No	Yes
EFE YAZICI	Non-executive	Not independent director	27.04.2022		Not considered	No	Yes
STEPHAN ROSEN			01.01.2020		Not considered	No	Yes
CHARLES ALEXANDER GRAF VON FABER-CASTELL	Non-executive	Not independent director	01.01.2020		Not considered	No	Yes

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)	6
Director average attendance rate at board meetings	56.52%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3-5 days
The name of the section on the corporate website that demonstrates information about the board charter	Although there is no specific regulation on how board of directors meetings are held, there is a related topic in the Articles of Association. Investor Relations / Articles of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Included in Annual Report Corporate Governance > IV Board of Directors > 17. Number, structure and independence of committees established within the Board of Directors.
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/1026170

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
Audit Committee	-	Mehmet Ercan Kumcu	Yes	Board member
Audit Committee	-	Ali Galip Yorgancıoğlu	No	Board member
Corporate Governance Committee	-	Mehmet Ercan Kumcu	Yes	Board member
Corporate Governance Committee	-	Tevfik Bilgin	No	Board member
Corporate Governance Committee	-	Recep Yılmaz Argüden	No	Board member
Corporate Governance Committee	-	Mehmet Hürşit Zorlu	No	Board member
Corporate Governance Committee	-	Fatih Çakıcı	No	Not board member
Committee of Early Detection of Risk	-	Ali Galip Yorgancıoğlu	Yes	Board member
Committee of Early Detection of Risk	-	Tevfik Bilgin	No	Board member
Committee of Early Detection of Risk	-	Talip Altuğ Aksoy	No	Board member

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)	Included in Annual Report Corporate Governance > IV Board of Directors > 17. Number, structure and independence of committees established within the Board of Directors.
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)	Included in Annual Report Corporate Governance > IV Board of Directors > 17. Number, structure and independence of committees established within the Board of Directors.
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)	None.
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)	Included in Annual Report Corporate Governance > IV Board of Directors > 17. Number, structure and independence of committees established within the Board of Directors.

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)	None.
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)	Annual Report > 3. Financial Performance
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Included under Human Resources / Human Resources Practices at our corporate web site.
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Included in Annual Report > 1.4 Organization Structure

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
Corporate Governance Committee	-	100%	20%	4	4
Committee of Early Detection of Risk	-	100%	33%	4	6
Audit Committee	-	100%	100%	4	4