

**NETAŞ TELEKOMÜNİKASYON A.Ş.**  
**ARTICLES OF ASSOCIATION**

As amended at the Ordinary General Assembly of the Shareholders on May 22, 2018 and published in the Turkish Commercial Registry Gazette Nr. 9594 of June 6, 2018.

**ARTICLE 1 – FOUNDATION**

A corporation has been formed, in accordance with the provisions of the Turkish Commercial Code concerning the immediate formation of corporations, by the founders whose names and domiciles are indicated below.

- 1) The Post. Telegraph and Telephone Administration of the Republic of the Turkey (hereinafter referred to as “PTT”) a state economic enterprise set up under Statute No.6145 and subject to Statute no.440, and with headquarters in the city of Ankara in Turkey.
- 2) Northern Electric Company Limited(hereinafter referred to as “NORTHERN”), A Canadian Company with headquarters in the city of Montreal, Province of Quebec, Canada.
- 3) R. Holley Keefer, Canadian national, domiciled at 1600 Dorchester Blvd. West, in the city of Montreal, Province of Quebec, Canada
- 4) Andrew C. Kovats, Canadian national, domiciled at 1600 Dorchester Blvd. West, in the city of Montreal, Province of Quebec, Canada
- 5) R. Kenneth Eadie, Canadian national, domiciled at 1600 Dorchester Blvd. West, in the city of Montreal, Province of Quebec, Canada
- 6) Sezai Ersoz, Turkish national, domiciled at Taşmektepe Sokak. 3/1 Göztepe in the city of İstanbul, Turkey.

**ARTICLE 2 – TRADE NAME OF THE COMPANY**

The trade name of the Company is “**NETAŞ TELEKOMÜNİKASYON ANONİM ŞİRKETİ**”

**ARTICLE 3 – HEADQUARTERS AND BRANCHES OF THE COMPANY**

The head office of the Company is in İstanbul. The address is Yenişehir Mahallesi Osmanlı Bulvarı No:11 Esas Aeropark Binası, 34912 Kurtköy, Pendik, İstanbul. In case of a change of address, the new address shall be registered with the commercial registry, announced in the Turkish Commercial Registry Gazette and shall be notified to the Ministry of Customs and Trade and the Capital Markets Board. Notifications made to the registered and announced address, shall be deemed to have been made to the Company. The failure to register the new address within the specified time after abandoning the registered and announced address shall constitute a ground for dissolution. Provided that it is within the scope of activities and by a decision of the Board of Directors reached by the majority of the members and subject to the condition that due notice is given to the Ministry of Customs and Trade, the Company may open branches and offices and appoint representatives and agents and may establish companies and participate in established and existing companies within as well as outside in country.

However, the Undersecretariat of Treasury Foreign Capital General Directorate will be informed about establishment of companies or participation in established and existing companies within the county and the approval of other relevant governmental authorities will be obtained to establish companies or participate in established and existing companies outside the country. The provisions of the first paragraph or Article 21 of the Capital Markets Law shall be reserved concerning participation in companies.

#### **ARTICLE 4 - PURPOSE AND SCOPE**

The main purpose and scope for which the Company is formed and the principal business which may be exercised by the Company are set forth below; it being intended that this enumeration is not limitative but that the Company is authorized to engage in other matters which shall be useful or necessary for its operation providing such matters are related to those which follow:

The design and manufacture of all kinds of communications equipment, electrical, electronic and power equipment, including fiber optics, office automation and data processing equipment for any corporate entity, institution and consumer, the domestic purchase or importation of all kinds of raw materials, supplies and semi-finished goods for the manufacture and operation of the said products; the sale, operation and leasing of such products and the undertaking of contracts for the installation, commissioning, operation of the said products within as well as outside the country. The design, research and development of the hardware and software, the supply and provision of technical support, technology solutions, integration and operation services to its customers.

The company may, as required by the operations within the purpose and scope of its formation and in accordance with law, dispose of movable and immovable values; have plants, workshop and all kinds of buildings erected; and, buy, sell, rent, lease, give or take hypothecation, as well as put these up as guarantees. The principles set forth by the Capital Markets legislation shall be applied to matters relating to guarantees, surety, pledges, mortgages established in favor or third parties and on behalf of the Company.

Provided that covert profit shifting provisions of the Capital Markets Law are not violated and shareholders are informed of donations made during the year at the General Assembly, the Company may make donations to foundations, associations, universities and similar entities with a scientific, technical and social purpose within the framework of principles stipulated in the Capital Markets Legislation.

The General Assembly will determine the limit for donations. Donations exceeding this limit cannot be made. Donations made shall be added to the distributable profit.

The Company may also, for any of its purpose and scope, obtain loans on long or short term; draw up, accept and transfer any notes and provided that it does not engage in investment services and activities, the company may issue, buy or sell all kinds of negotiable instruments, bonds, dividend bearing bonds, convertible bonds, profit and loss sharing certificates and financial notes.

The Company may also, for the purpose of implementing the transactions within the purpose and scope of its formation, acquire and have registered patents, inventions, licenses, concessions and trademarks, as well as, lease and acquire the usufruct of these.

Furthermore, the Company may undertake all commercial, industrial and financial transactions, which the Board of Directors deems necessary and useful for its purpose, and which conforms to its objective and can deal as an insurance agency.

In cases where the Company deems it necessary to enter into activities other than those above, it is essential that the proposal be subject to approval at a shareholders meeting.

If the proposal to engage in other activities beyond its purpose and scope is in the nature of an amendment to the Articles of Association it shall be subject to the approval of the Ministry of Customs and Trade and Capital Markets Board.

In case the Company acquires its own shares, provisions of Turkish Commercial Code, Capital Markets Legislation and other relevant legislation shall be complied with.

#### **ARTICLE 5 - DURATION**

The legal existence of the company is not limited with a definite period.

#### **ARTICLE 6 - CAPITAL**

The capital of the company is 64,864,800 TL which is divided into 64,864,800 shares with a nominal value of 1 TL each. The share capital of the Company is fully paid.

The shares of the company are divided into two groups, consisting of (A) and (B) group registered shares. 33,081,048 (thirty-three million eighty-one thousand and forty-eight) of these shares constitute the registered (A) group of shares, and 31,783,752 (Thirty-one million seven hundred and eighty-three thousand seven hundred and fifty-two) shares constitute the (B) group registered shares. The differentiation of the shares in (A) and (B) groups, does not give the owners any rights or privileges, except as provided in Articles 9 and 15.

The proportion of (A) group registered shares within the issued capital shall be maintained in capital increases. Pre-emptive rights of shareholders shall be exercised within the respective share groups.

The shares representing the capital are traced within the framework of dematerialization principles.

(B) group registered shares can be freely transferred without being subject to any limitation or condition within the framework of Turkish Commercial Code and Capital Markets Legislation. However, concerning the transfer of (A) group registered shares the existing shareholders in Group (A) are entitled to pre-emptive rights which are required to be exercised within 30 days from the date of the offer for sale. Therefore a shareholder wishing to transfer its shares, in full or in part, must first offer, in writing, to transfer its shares to the other shareholders in Group A in proportion to their respective shares, stating the price and other conditions for sale. If any shareholder, to whom the offer was made, declines to purchase the offered shares, such shares shall be offered to the other shareholders in proportion to their share ownership and this method will be pursued in the same manner until all shares are sold or rejected. Following the application of the above procedures, the transferor will be free to offer any rejected shares to third parties without restrictions provided that the price and other conditions of sale are no more favourable to the third party than the price and other conditions contained in the initial offer.

#### **ARTICLE 7- PAYMENT OF CAPITAL**

The Company's issued Capital of TL 64.864.800 has been fully paid.

During capital increases the consideration for issued shares shall be paid in cash in full. New shares cannot be issued unless the considerations for the issued shares are paid in full.

#### **ARTICLE 8 - GENERAL ASSEMBLY**

The ordinary and extraordinary meetings of shareholders shall be held in accordance with the Turkish Commercial Code and the Capital Markets Law.

The notices for the shareholders meetings shall be issued by the Board of Directors in accordance with Article 14. The ordinary shareholders meeting shall be held at least once a year and within three months of the close of the fiscal period. At these meetings the election of organs, financial statements, annual activity report of the Board of Directors, utilization of profits, determination of profit and dividend

distribution ratios, release of directors from liabilities and such other matters related the activity year and deemed necessary shall be reviewed and decided upon.

The extraordinary shareholders meetings shall be held at any time necessary.

Participation in General Assembly meetings through electronic environment;

In accordance with Article 1527 of the Turkish Commercial Code, shareholders who have a right to participate in general assemblies may participate through electronic environment as well. The company may set up the electronic general assembly system itself or may procure such services from third parties who have established systems for this purpose to enable its shareholders to participate, make proposals, raise comments and vote in general assemblies electronically in accordance with the provisions of the Regulation on Participation to General Assemblies of Joint Stock Companies in Electronic Environment. Pursuant to the provisions of the articles of association of the company, rights of the shareholders or their representatives which are stipulated under the provisions of the above mentioned Regulation shall be exercised through the installed system in all general assemblies to be held.

#### **ARTICLE 9- QUORUM FOR MEETINGS AND REQUIRED MAJORITY FOR RESOLUTIONS**

The required quorum for meetings and the required majority for resolutions of the shareholders at ordinary and extraordinary meetings shall be subject to the provisions of the Turkish Commercial Code (T.C.C.) and Capital Markets legislation. However, resolution of the shareholders concerning amendments to the Articles of Association shall require the affirmative votes of the shareholders representing at least one half of the total number of shares within Group A.

#### **ARTICLE 10 - APPOINTMENT OF REPRESENTATIVES**

At the shareholders meetings, the shareholders can be represented by proxy given to another shareholder or to any other person.

Representation by and the form of the proxy shall be subject to the Capital Markets legislation.

#### **ARTICLE 11- RIGHT TO VOTE**

Every share has the right to one vote at meetings of shareholders.

#### **ARTICLE 12 - GENERAL ASSEMBLY MEETINGS PROCEDURE**

The meetings of shareholders shall be presided over by the Chairman of the Board of Directors or by such other Board member as selected by the Board of Directors in case of the absence or inability of the Chairman.

The Chairman of the meeting shall select a secretary and a scrutineer, who need not be shareholders. The Chairman of the general assembly meeting shall have the duty of keeping the meeting in conformity with legal requirements.

The minutes of the shareholders meetings shall be signed only by the Chairman, the Secretary, the scrutineer and the representative of the Ministry of Customs and Trade of such meeting.

#### **ARTICLE 13 - VOTING PROCEDURE AT GENERAL ASSEMBLY MEETING**

Voting at shareholders meetings shall take place by show of hands. Voting at all meetings of the General Assembly including those conducted electronically shall be subject to the provisions of the Turkish Commercial Code. Capital Markets Law and other relevant legislation relating to voting.

#### **ARTICLE 14 - NOTICES**

The notices concerning the Company shall be made in accordance with the provisions of the Turkish Commercial Code and Capital Markets legislation. The notice for the convocation of the shareholders meetings shall be made at least three weeks prior to the meeting day, excluding the notice and meeting day, through the website of the company, Public Disclosure Platform and other means to be determined by the Capital Markets Board and the Turkish Commercial Gazette.

The provisions of the Turkish Commercial Code shall be applied to notices regarding decrease of capital or liquidation of the Company.

#### **ARTICLE 15 - THE BOARD OF DIRECTORS**

The Board of Directors of the company shall be composed of 7 (seven) members elected by the general assembly of shareholders, from among the shareholders or their nominees.

Four of the seven members shall be elected at the meeting of the Shareholders from among the candidates nominated by Group A shareholders, provided that two of the seven shall be elected from among the candidates nominated by ZTE Cooperatief U.A. and one member shall be elected from among the nominees of Turkish Armed Forces Foundation, and three members shall be elected from among the nominees of the Group B shareholders.

Election from nominations of the Group B shareholders will be subject to the representation of the Group B shareholders at the shareholders meeting and the number of nominees to be elected will be dependent upon the ratio of representation. Such as;

In case the Group B shareholders are represented at the shareholders meeting by a ratio of at least 30 percent of the capital of the company, all three members shall be elected from among the nominees of the Group B shareholders,

In case the Group B shareholders are represented at the shareholders meeting by a ratio of at least 20 percent of the capital of the company, two members shall be elected from among the nominees of the Group B shareholders and one member shall be elected from among the nominees of the Group A shareholders,

In case of the Group B shareholders are represented at the shareholders meeting by a ratio of at least 10 percent of the capital of the company, one member shall be elected from among the nominees of the Group B shareholders and two members shall be elected from among the nominees of the Group A shareholders.

In case the Group B shareholders are represented at the shareholders meeting by a ratio lower than 10 percent of the capital of the company, all three members shall be elected from among the nominees of the Group A shareholders.

In case vacancies occur due to reasons such as death, resignation or disqualification, such vacancies shall be filled by election to be made by the Board of Directors in accordance with the provisions of the Turkish Commercial Code and Capital Markets legislation and submitted to the approval of the shareholders at the first meeting to follow.

The fees and remunerations of the members of the Board of Directors shall be determined by the general assembly of shareholders.

## **ARTICLE 16 - TERMS OF OFFICE OF BOARD OF DIRECTORS**

The members of the Board of Directors shall be elected for a period of three years and they may be re-elected. Any or all of the members of the Board of Directors may be dismissed and replaced at Shareholders meetings, when necessary.

## **ARTICLE 17 - DUTIES AND AUTHORITIES OF THE BOARD OF DIRECTORS**

The Board of Directors shall represent the Company and shall be responsible for its administration. The Board shall have all powers required to administer the affairs of the Company except those reserved for the General Assembly of shareholders by legislation or by the Articles of Association.

The Board of Directors shall elect a Chairman and one or two Vice-Chairman from among its members, and in line with a directive to be prepared in accordance with Article 367/1 of the Turkish Commercial Code may divide its administrative powers and responsibilities in full or in part among one or more of its members, or delegate such powers to third parties.

The Board of Directors shall form committees or commissions stipulated in Turkish Commercial Code and Capital Markets legislation and as deemed necessary where its members can also participate.

The Board of Directors may delegate its powers to one of its members to act as executive member for the representation and administration of the Company. At least one member of the Board of Directors is required to have representation power. The notarized representation resolution showing individuals and their manner of representation shall be registered with Commercial Registry. Otherwise the delegation of representation power shall have no effect. The limitation of representation power shall have no effect on bona fide third parties. However registered and announced limitations concerning the activities of the head Office or a branch or joint representation will be valid. Articles 371, 374 and 375 of the Turkish Commercial Code are reserved.

The Board of Directors may appoint and dismiss General Manager and managers for the representation and administration of the Company as necessary. The term of Office of General Manager and managers shall not be limited to the term of office of the Board of Directors. The General Manager cannot assume any duty in the committees of the Board of Directors.

## **ARTICLE 18- MEETINGS OF THE BOARD OF DIRECTORS**

Meetings of the Board of Directors shall be called upon the written demand of the Chairman of the Board or of any of the members when required. Invitations to Board of Directors meetings shall be sent in writing in the form of registered mail, telegraph, facsimile or electronic mail at least 3 days prior to the meeting.

Meetings of the Board of Directors shall be held at the place where the head office of the Company is located. However, upon the agreement of the majority of the members of the Board, the meeting may be held in any place outside the Head Office of the Company. In addition, the Board of Directors meetings may be held through video conference and teleconference provided that the meeting minutes and resolutions are approved and signed afterwards. Paragraph 4 of Article 390 of Turkish Commercial Code is reserved.

In accordance with Article 1527 of the Turkish Commercial Code, those who have a right to participate in the meetings of the Board of Directors may participate through electronic environment. The company may set up the electronic system itself or may procure such services from third parties who have established systems for this purpose to enable eligible persons to participate and vote in such meetings

electronically in accordance with the provisions of the Communiqué on Participation In Meetings Other Than General Assemblies of Joint Stock Companies in Electronic Environment. Pursuant to this provision of the Articles of Association of the Company, the Company will enable the eligible persons to exercise their rights stipulated under relevant legislation within the framework of the Communiqué.

The required quorum for Board meetings shall be the presence of five members of the Board. The majority vote of those present shall be required for the approval of any subject. In case a majority vote cannot be obtained on a given issue, the matter shall be referred to the next meeting. If the majority of votes cannot be obtained at such second meeting the matter shall be considered rejected.

The minutes and resolutions of the Board shall be drawn up, signed and preserved in accordance with the Turkish Commercial Code.

#### **ARTICLE 19- AUDITORS**

The auditor and the auditing of the Company shall be subject to the provisions of the Turkish Commercial Code and Capital Markets legislation.

#### **ARTICLE 20 - FISCAL PERIOD**

The fiscal period of the Company shall start on the first day of January, and end on the last day of December.

#### **ARTICLE 21 – REPEALED**

#### **ARTICLE 22- DISTRIBUTION OF PROFIT AND RESERVE FUNDS**

The Company's profit shall be determined and distributed in accordance with the Turkish Commercial Code, Capital Markets legislation and generally accepted accounting principles.

The Company's profit for the fiscal period is the amount shown in the annual balance sheet of the company which consists of revenues generated during the year after the deduction of general expenses, amounts required to be paid and set aside such as various amortization, mandatory taxes and funds to be paid by the Company. Profit for the fiscal period shall be allocated in the following order after the deduction of previous year losses, if any.

Five percent of period profit shall be set aside as general legal reserve until it reaches twenty percent of the paid in Capital.

Donations made during the year shall be added to the remainder of the above and first dividend shall be allocated in accordance with Turkish Commercial Code and Capital Markets Legislation over the total.

From the balance, an amount not to exceed 3 percent of the total distributable profit, to be determined by the general assembly of shareholders, may be distributed as dividend to Board members, and/or personnel.

Following the deduction of the amounts indicated in sub-paragraphs (a), (b) and (c) above, the General Assembly is authorized to distribute the full amount or a portion of the balance as second dividend or to set aside the balance as reserve fund in line with the provisions of Article 521 of the Turkish Commercial Code.

From the amount resolved to be distributed to shareholders and other participants, five percent of the amount paid to shareholders as dividend shall be deducted and ten percent of the balance shall be added to general legal reserve in line with Article 519/2 of the Turkish Commercial Code.

Unless the reserves stipulated by law and the first dividend stipulated in the Articles of Association are distributed to shareholders in cash and/or shares, it cannot be resolved to set aside other reserves, to carry over profits to the following year and to allocate a certain portion of the dividends to members of the Board, the officers, employees and workers of the Company.

As long as the general legal reserve funds do not exceed half of the issued capital of the Company they can be exclusively spent for taking remedial measures to recuperate losses, to continue operating when business is poor, and to prevent unemployment or to alleviate its result.

Dividends shall be paid equally to all existing shares as of the date of payment, irrespective of their date of issue or acquisition,

The manner and timing for distribution of profit shall be determined by the General Assembly upon the proposal of the Board of Directors on the subject.

General Assembly decisions for the distribution of profits under this Articles of Association cannot be revoked.

#### **ARTICLE 23 - REPEALED**

#### **ARTICLE 24- CHANGES IN THE ARTICLES OF ASSOCIATION**

Subject to the provisions of Article 9, amendments to the Articles of Association shall be made in conformity with the procedures set forth in the relevant provisions of the Turkish Commercial Code and Capital Markets Legislation.

In the event an amendment to the Articles of Association violates rights of privileged shareholders, the General Assembly resolution is required to be approved by the assembly of privileged shareholders.

A special meeting will not be required if the privileged shareholders have casted affirmative votes to the amendment of the Articles of Association at the general assembly meeting in accordance with required quorums and majority stipulated in law.

#### **ARTICLE 25 - REPEALED**

#### **ARTICLE 26 - LIQUIDATION**

The Company may be liquidated any time by a Shareholders meeting at which the quorum and majority required by the Turkish Commercial Code and Article 9 of the present Articles of Association have been obtained and a resolution to that effect adopted.

Should a resolution for the liquidation of the Company be adopted, the Shareholders will also decide on the procedure of liquidation and appoint one or more liquidators.

The said Shareholders' meeting may confer on the liquidator or liquidators the power to sell through private agreements the whole business, including real estate, separately or in its entirety.

#### **ARTICLE 27 - GENERAL PROVISIONS**

The provisions of the Turkish Commercial Code and the Capital Markets Legislation shall apply in matters not covered by the Articles of Association.

#### **ARTICLE 28 - COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES**

Corporate Governance Principles determined to be mandatory by the Capital Markets Board shall be complied with. Transactions and Board of Directors decisions which are non-compliant with mandatory



principles shall be null and deemed in breach of the Articles of Association.

Transactions deemed to be of material nature for the purposes of corporate governance principles and all kinds of related party transactions of the Company and transactions regarding guarantees, pledges and mortgages to be established in favor of third parties shall be subject to the regulations of the Capital Markets Board.

The number and qualifications of the independent members who will assume duty in the Board of Directors shall be determined in accordance with the regulations of the Capital Markets Board on corporate governance.