

BİOTREND ÇEVRE VE ENERJİ YATIRIMLARI ANONİM ŞİRKETİ
(“COMPANY”)

RELATED PARTY TRANSACTION POLICY

1. Purpose

The purpose of this related party transaction policy (“**Policy**”) is to set out the procedures by which the Company or any of its subsidiaries may enter into a related party transaction and to ensure that related party transactions are negotiated at market conditions at the time of the transaction and on terms no less favorable to the Company than terms available to any unconnected third party under the same or similar circumstances.

The Company complies with the Capital Markets Law No. 6362 (“**CML**”), Turkish Commercial Code No. 6102 (“**TCC**”), Corporate Governance Communiqué (II-17.1) and other applicable capital markets legislation, the Communiqué on Turkish Accounting Standards (TAS 24) (No. 17) and other applicable legislation and regulations in relation to performance of related party transactions. The Company pays utmost care to maintain compliance with Corporate Governance Principles included in the Corporate Governance Communiqué issued by the Capital Markets Board (“**CMB**”) as amended time to time.

The Policy is developed in compliance with the CMB Corporate Governance Communiqué (II-17.1) and the Communiqué on Turkish Accounting Standards (TAS 24) (No. 17) and announced to all stakeholders on the Company website (www.biotrendenerji.com.tr).

2. Definitions

“**Audit Committee**” means the audit committee of the Company;

“**Board**” means the Board of Directors of the Company;

“**Continuous Related Party Transactions**” means the Related Party Transactions performed by the Company continuously;

“**Corporate Governance Communiqué**” means the Corporate Governance Communiqué (II-17.1) issued in the Official Gazette dated 03.01.2014 and numbered 28871;

“**EBRD**” means the European Bank of Reconstruction and Development;

“**Financial Statements**” means the financial statements prepared in accordance with the CMB’s Communiqué on Financial Reporting in Capital Market (II-14.1) issued in the Official Gazette dated 13.06.2013 and numbered 28676;

“**General Assembly**” means the general assembly of the Company;

“**Group**” means the Company and each of the Group Companies from time to time (and a “member of the Group” means any of them).

“Group Company” means, with respect to any person, any entity of which such person owns, directly or indirectly, 50% (fifty percent) or more of the capital, or which is otherwise effectively controlled by such entity.

“Independent Board Members” means the Board members appointed by the Company in accordance with the Corporate Governance Communiqué, bearing independency criteria as foreseen thereunder;

“Noncontinuous Related Party Transactions” means the Related Party Transactions performed by the Company for one time and on a noncontinuous basis;

“Related Party” has the meaning attributed to itself under the TAS 24 Communiqué;

“Related Party Transactions” has the meaning attributed to itself under the TAS 24 Communiqué;

“TAS” means the Turkish Accounting Standards issued by the Turkish Accounting Standards Board; and

“TAS 24 Communiqué” means the Communiqué on Turkish Accounting Standards (TAS 24) (No. 17) issued by the Turkish Accounting Standards Board.

3. Powers and Responsibilities

The Policy has been developed by the Board in compliance with the CMB Corporate Governance Communiqué. The Board is authorized and responsible for monitoring, supervising and developing the Policy. The Audit Committee shall review and assess the adequacy of this Policy at least annually and recommend for approval by the Board any amendments it considers are needed. The Audit Committee can engage independent evaluation experts as needed either for the Policy review or other matters pertaining to this Policy. The Policy and any amendments to be made to the Policy will be published on the Company website (www.biotrendenerji.com.tr) after the approval of the Board.

This Policy applies to the Company’s directors and senior managers (Chief Executive Officer and Chief Finance Officer). Related Party Transactions constitute a conflict of interest within the meaning of the Company’s code of conduct, as applicable. This Policy is not intended to conflict with any applicable laws or regulations and if any such conflict occurs the requirements of the relevant applicable law or regulation shall prevail.

4. Identification of Related Party Transactions

For purposes of this Policy, a “Related Party Transaction” is a transaction between the Company or any of its subsidiaries and any “Related Party” regarding transfer of funds, services, or obligations against remuneration or not.

Without prejudice to the TAS 24 Communiqué, “Related Party” includes the following:¹

- a. The members of the Board, its parent company, affiliated or sister companies and associates.
- b. Any entity that is member of the same group as the Company (which means that each parent, subsidiary and fellow subsidiary is related to the Company); or any entity related through joint venture.
- c. The CEO and key officers of the Company, including anyone who directly reports to the Board or the CEO.
- d. Any person having the ability to control or jointly control, or exercise a significant influence on, the outcome of resolutions voted on by shareholders or directors of the Company, its parent company, affiliated or associated companies.
- e. The first degree relatives by blood or marriage of any of the natural persons listed in Clauses (a) to (d).
- f. Any business, and the directors, CEO and key officers of any business, in which the natural persons listed in paragraphs (a) to (e) own jointly or severally at least 20% of the voting rights.
- g. Any person whose judgment or decisions could be influenced as a consequence of an arrangement or relationship between or involving themselves and any of the persons in paragraphs (a) to (f).
- h. The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

Without prejudice to the TAS 24 Communiqué, “Related Party Transactions” can take different forms, but may include the following:

- Sale or purchase of goods or semi-finished goods.
- Sale or purchase of property and/or assets.
- Lease of property and/or assets.
- Provision or receipt of services or leases.
- Transfer of intangible items (e.g., research and development, trademarks, license agreements).
- Transfer of research and developments.
- Provision, receipt, or guarantee of financial services (including loans and deposit services) – this includes loans to directors/employees.
- Assumption of financial/operating obligations or settlement of liabilities.
- The subscription of Debt/Equity issuances.

5. Review, Approval and Disclosure Procedures

It is the responsibility of each director and senior manager to promptly notify the Board and the Audit Committee, through the Company’s secretary, of any proposed Related Party Transaction as soon as they become aware of it.

¹ This explanation of related parties is intended to be consistent with the definition in TAS 24 Communiqué. In paragraph (d) the Company will generally interpret a significant influence as meaning owning or controlling more than 10% of the voting rights. Ownership or control of more than 20% of the voting rights is definitely a significant influence. In paragraph (f) “business” includes joint ventures.

It is the responsibility of a director or senior manager who is involved in a proposed Related Party Transaction to inform the Board and the Audit Committee, through the Company's secretary, and obtain the Board's approval prior to entering into the transaction. Conflicted Board members may participate in discussions on transactions in which they are a conflicted party; however, they shall abstain from voting on such issues.

The following approval and disclosure procedures shall be used:

i. **Specific Conditions**

The Company shall, in any case, solicit competing proposals from unrelated third parties in each of the following cases:

- i. any transaction or series of related transactions with any Related Party having a value in excess of USD 500,000.00 (five hundred thousand); and
- ii. any transaction or series of related transactions with any Related Party having a value in excess of USD 100,000.00 (one hundred thousand) if, in the then current Financial Year, the total value of transactions with Related Parties has exceeded USD 2,000,000.00 (two million).

For the avoidance of doubt, regardless of the transaction thresholds determined above, in case the thresholds foreseen under Article 9 (2) of the Corporate Governance Communiqué is exceeded, a valuation report prepared by a valuation institution authorized by CMB for the proposed Related Party Transaction should be obtained. Regardless of the transaction thresholds determined above, in case the thresholds foreseen under Article 9 (3) of the Corporate Governance Communiqué is exceeded, in addition to the abovementioned valuation report, a Board resolution should also be adopted having the affirmative votes of the majority of the Independent Board Members, otherwise the proposed Related Party Transaction will be required to be approved by the General Assembly.

ii. **General Conditions**

As part of its review and approval process, the Board shall determine the extent to which the transaction has been conducted in accordance with market conditions and on terms not unfavorable to the Company. In conducting this assessment, the Board should examine comparable transactions, bids from other providers, market studies, and/or expert appraisals to make such judgments. The Board should also engage independent evaluation experts as needed. This is especially critical for transactions requiring General Assembly approval.

The Company's independent external auditor shall be required to review all Related Party Transactions included in the financial statements to provide assurance as to the accuracy of the information reported.

Disclosures of Related Party Transactions in the Financial Statements shall include, *among others*, (consistent with TAS 24):

- The Related Parties;
- The nature of the relationship;
- Type/description of transactions made between the Company and the Related Parties during the financial period;
- The date and amount of the transaction made between the Company and the Related Parties during the financial period;
- The extent to which the Related Parties or Company will benefit economically;
- Balances with Related Parties at the end of the financial period;
- Amount of outstanding balances, including guarantees, commitments, their terms and provisions/expenses for any doubtful debts; and
- Procedures followed for approval.