

WORKING PRINCIPLES OF RISK MANAGEMENT COMMITTEE

1. FOUNDATION

Risk Management Committee was established by decision of our Company's Board of Directors dated 28.07.2010. to make suggestions and recommendations to Board of Directors with the purpose of detecting risk earlier and establishing an effective risk management system, through considering new provisions included in Turkish Commercial Code numbered 6102 and Capital Markets Board Corporate Governance Principles.

2. PURPOSE

The purpose is to make suggestions and recommendations to Board of Directors for early detection, evaluation, effect and possibility calculation of all kinds of strategic, operational, financial and other risks that might damage Company's existence, development and continuity; management and reporting of these risk in compliance with Company's corporate risk taking profile; implementation of necessary measures concerning the detected risks; consideration of decision making mechanism and creation and integration of internal control system in this direction.

3. DUTIES AND RESPONSIBILITIES

Duties of Risk Management Committee are:

- To define, evaluate and monitor the existing and potential risk factors that might affect achieving the company objectives, within the framework of Enterprise Risk Management; and to determine principles on risk management in compliance with company's risk taking profile and to ensure these principles to be used in decision mechanism,
- To determine the risks that will be kept and managed, shared or completely eliminated in the Company according to the possibility and effect calculations,
- To ensure integration of risk management and internal control system with Company's corporate structure,
- To supervise whether practices in respective departments responsible for reviewing risk management systems at least once a year and for risk management are executed in compliance with committee decisions,
- To detect technical bankruptcy and warn Board of Directors with this respect; and to develop suggestions concerning the measures,
- To accomplish other tasks assigned / to be assigned to the Committee by CMB regulations and Turkish Commercial Code.

The committee advises the Board of Directors in writing or orally its evaluations and recommendations on the abovementioned matters.

4. STRUCTURE AND MEMBERSHIP CRITERIA OF COMMITTEE

- The Risk Management Committee consists of at least two members. Committee President shall be elected among independent Members of Board of Directors. Chief Executive Officer / General Manager may not take office in the committee.
- If the committee consists of two members, they are elected by the non-executive members of the Board of Directors, similarly if it consists of more than two members the majority will be elected by the non-executive members of the Board of Directors. If necessary, specialists who are not members of the Board of Directors may attend to the committee.
- Upon election of new Board of Directors in Ordinary General Assembly, members of Risk Management Committee shall be determined in parallel with Board's term of office by the board. Former committee members shall continue their duties until new committee members are elected.
- All kinds of resources and supports necessary for Committee to fulfill its own duties shall be provided by Board of Directors. Committee may invite any manager it deems necessary and receive his/her opinions.
- Committee may benefit from independent expert opinions when needed with regard to its own activities. Costs of consultancy services required and needed by Committee shall be borne by Company.

5. SUB-COMMITTEES

Sub-committees consisting of persons to be selected among Risk Management Committee's own members and/or externally and having enough experience and knowledge in risk management may be formed with the purpose of ensuring effectiveness of works and studies of Risk Management Committee.

6. MEETINGS

- Committee shall convene as often as required by duties assigned to it and at least four times a year during one duty year unless required to convene more frequently by regulations.
- Committee's decisions have the characteristics of advice to Board of Directors; and the final decision shall be made concerning the respective matter by Board of Directors.
- The Committee shall ensure notification of the Board of Directors in subjects within its authorization and responsibility. It shall report its recommendations on risk and solutions to Board of Directors and auditor.
- Quorum shall be absolute majority of total number of committee members.

- It is possible for the committee meetings to be held either online or through a conference call without physical meetings. Physical meetings may be held in company's headquarters or another place easily accessible by committee members. Minutes of meetings held either online or through a conference call without actually coming together are signed by the members of the Executive Committee. In addition, it is possible to obtain the decisions of the committees by passing from hand to hand, all of the members' decisions signed on the same or different papers are valid.

7. REPORTING PROCEDURES

- Committee decisions are maintained in decision book.
- Meeting minute is required to include at least those following:
 - o Date of Meeting
 - o Information concerning the matters evaluated in the meeting
 - o Decisions taken
- Decisions deemed necessary by Risk Management Committee shall be submitted to Board of Directors.
- Secretary of Board of Directors shall be responsible for preparing and retaining the reports. Meeting minute prepared shall be archived following its submission to Committee Members.

8. EFFECT

These working principles of Risk Management Committee were approved by decision of Board of Directors dated 04 May 2012 and they were finalized after the changes made on March 25, 2019. Board of Directors is authorized to revise and update these aforementioned working principles, when needed.