

WORKING PRINCIPLES OF EARLY DETECTION OF RISK COMMITTEE

1. FOUNDATION

On 17 May 2013, the Board of Directors of our Company, a Committee of Early Detection of Risk has been established in order to carry out study for the early detection of the risks that may endanger the existence, development and continuity of the Company, implementation of the actions that are necessary in relation to the identified risks and the management of the risk as part of the provisions of the Corporate Governance Principles of the Capital Markets Board.

2. PURPOSE

Corporate Management Committee makes recommendations and suggestions to our Board of Directors on the early detection of any and all risks that may threaten the existence, development and continuance of the Company including strategic, operational, financial, legal and other risks, evaluation and calculation of the impacts and possibilities thereof; on the managing of these risks in line with the corporate profile of the Company on taking risks, on the reporting of these and implementing the necessary measures on the risks that are identified, ensuring that these are taken into consideration by the decisive mechanisms and accordingly, forming efficient internal control systems and integration thereof.

3. DUTIES AND RESPONSIBILITIES

The duties and working principles of the Committee for Early Detection of Risks are have been determined as follows in accordance with the regulations, provisions and principles laid down in the Capital Markets Legislation, the Articles of Association of the Company, the Turkish Commercial Code and the "Corporate Management Principles" of the Capital Markets Board.

- The duties of Early Detection of Risk Committee are; Identification, assessment, monitoring of existing and possible risk elements, that may affect the Company to reach its objectives, within the systematic of the Enterprise Risk Management (ERM) and determining the principles on the management of the risks according to the risk taking profile of the company and ensuring the use decision making mechanisms.
- Detection of the risks which may be kept and managed in the Company, shared or totally eliminated according to probability and effect calculations.
- Provision of advice and opinion to the Board of Directors enabling it to establish the internal control systems covering also the risk management and information systems and processes that may minimize the impacts of the risks likely to affect the company's stakeholders, including particularly its shareholders.
- Ensuring the integration of risk management and internal control systems to the corporate structure of the Company,
- Reviewing the risk management systems at least once a year and supervising that the implementation in the respective departments undertaken the risk management responsibility is carried out in conformity with the committee decisions.
- Early detecting the technical bankruptcy and warning the Board of Directors with this regard, developing suggestions on the possible actions,
- In a bimonthly report sent to the Board of Directors, to evaluate the situation, indicate the dangers, if any, and suggest remedies and send that report also to the auditor. (Article 378 of the Turkish Commercial Code).

- To prepare annual evaluation report and submit the same to the Board of Directors which shall constitute basis for the evaluation of the Board of Directors regarding the working principles and efficiency of the committee including the information on the members, meeting frequency, activities which shall be included in the annual report.
- Carrying out other tasks that have been/will be assigned to the committee with the CMB regulations and the Turkish Code of Commerce.
- The Committee informs the Board of Directors about its assessments and advice on the above mentioned matters either orally or in written form.

4. COMMITTEE STRUCTURE AND MEMBERSHIP CRITERIA

- The Committee for Early Detection of Risk is formed by at least two members. The Chairman of the Committee is selected from among the Independent Board Members. CEO / General Manager may not take part in the committee.
- In case of the committee consisting of two members, both, or in case of more than two members, the majority of the members are elected among the non-executive members. Where required, specialized persons not a member of Board of Directors can be delegated at the Committee.
- When the new Board of Directors is elected during the Ordinary General Assembly Meeting, the duty periods of the members of the Committee for Early Detection of Risk are determined in line with the office term of the Board of Directors. The old members continue to carry out their tasks until a new member is elected to his/her place.
- Any resources and support that are necessary for the Committee to perform its tasks are provided by the Board of Directors. The Committee may invite and take the opinions of the executive who may be deemed necessary.
- The Committee benefits from the opinions of the independent experts for the matters needed in relation to its activities. The fees of the consultancy services required by the Committee are borne by the Company.

5. SUB-WORK GROUPS

Early Detection of Risk Committee may form sub-work groups which consist of people having the adequate experience and knowledge on Risk Management, to be selected from among its own members and/or outside depending on the need in order to ensure the efficiency of the works.

6. THE MEETINGS

- The Committee assembles at the frequency as required by the appointed tasks.
- The resolutions of the Committee are advisory only and the decision making authority in the relevant issues is the Board of Directors.
- The Committee ensures that the Board of Directors is informed about the matters under its area of authority and responsibility. It reports the risks and advice on solutions to the Board of Directors and auditor.
- The meeting and decision quorum is the absolute majority of the number of total members of the committee.
- The meetings may be held at the company's headquarters or any other place where it is easy to arrive by the committee members.
- The members of the Committee may conduct the meeting by telephone or other communication means.

7. REPORTING PROCEDURES

- The resolutions of the committee are kept in the minute book to be kept for the committee.
- The Committee prepares reports once every 2 months in accordance with the provisions of Article 378 of the Turkish Commercial Code.
- The minute of the meeting must contain at least the following information:
 - Place and date of the meeting
 - Agenda
 - Information on the matters discussed in the meeting
 - Decisions taken
- The resolutions considered necessary by the Early Detection of Risk Committee are submitted to the Board of Directors.
- The secretariat of the Board of Directors is responsible for the preparation and keeping the reports. The meeting minute issued is archived after submitted to the information of the Committee Members.

8. EXECUTION

The duties and working principles of the Early Detection of Risk Committee have been prepared as set forth above after having revised in accordance with the provisions of the Communiqué No. II-17.1 on Corporate Governance Principles as published in the Official Gazette dated 3 January 2014 (“Communiqué”). The Board of Directors is authorized to update such working principles by making revisions when required.