

BOARD OF DIRECTORS EARLY DETECTION OF RISK COMMITTEE TERMS OF REFERENCE

ESTABLISHMENT AND LEGAL BASIS

The Early Detection of Risk Committee (“Committee”) was established on March 25, 2022, with Board Resolution No. 2022/14, in accordance with the Turkish Commercial Code No. 6102, the Capital Markets Law No. 6362, and the Corporate Governance Communiqué No. II-17.1 issued by the Capital Markets Board (CMB), including the Corporate Governance Principles annexed thereto.

PURPOSE

The Committee, operating under the Board of Directors, aims to detect operational, strategic, financial, and compliance risks that may threaten the company’s existence, development, and continuity. It ensures that necessary actions are taken, risk management processes are implemented, and risks are managed in alignment with the company’s risk appetite. Additionally, the Committee oversees compliance with legal regulations and corporate ethics.

AUTHORITY AND SCOPE

The Committee’s authority and responsibilities include:

- Identifying, assessing, monitoring, and managing risks and opportunities within the Corporate Risk Management (ERM) framework based on impact and likelihood.
- Integrating risk management and internal control systems into the company’s structure and monitoring their effectiveness.
- Ensuring that risks are measured, reported, and utilized effectively in decision-making processes.

The Committee acts within its authority and provides recommendations to the Board. However, the final decision-making authority always rests with the Board of Directors.

WORKING PRINCIPLES OF THE COMMITTEE

The Committee consists of a Chair and at least two members appointed by the Board of Directors. If the Committee has two members, both must be Board members. If more than two members, the majority must also be selected from Board members.

The Chair must be an independent Board member.

The CEO or Executive Chairperson cannot serve as a member.

Experts with experience in accounting, finance, audit, law, governance, sustainability, or human resources may be appointed.

The Committee is reconstituted annually at the first Board meeting following the general assembly. Members wishing to resign must submit their intention in writing to the Board. If a member’s Board tenure ends, their Committee membership also terminates.

The Committee meets as frequently as required, aligned with the Board’s schedule, and decisions are taken by majority vote. If there is a tie, the proposal is discussed in the next meeting. If the tie persists, the proposal is considered rejected.

DUTIES AND RESPONSIBILITIES

1. Risk Management Oversight

- Identify and assess risks that may affect the company’s objectives, development, or sustainability, within the ERM framework.
- Develop and ensure the implementation of risk management policies and strategies aligned with the Board’s direction.

- Review and update risk definitions provided by group companies and ensure the risk list or map is kept up-to-date.
- 2. Risk Evaluation and Monitoring**
 - Review annual and interim financial statements for compliance with financial reporting standards and accuracy of disclosed risks.
 - Participate in the design and selection of risk measurement models and scenario analyses.
 - Ensure the company's capital and liquidity levels are adequate, including stress testing where necessary.
 - Collaborate with relevant departments and request reports, opinions, and data as needed.
- 3. Communication and Reporting**
 - Promote open communication between the Committee and senior management, department heads, and auditors.
 - Ensure that risk management policies and procedures are communicated effectively across the organization.
 - Prepare and submit an annual report to the Board detailing the Committee's activities, decisions, and assessments.

MEETINGS AND REPORTING

The Committee meets as frequently as necessary, and the minutes of each meeting are recorded by the Board's secretariat.

Meeting minutes must include the following:

- Date and time of the meeting
- Agenda
- Key discussion points
- Decisions taken

Meetings can be held physically or electronically, including through video conferencing.

Decisions may also be made by circulating written resolutions signed by all members.

The Committee's recommendations are submitted to the Board for approval, and the final decision-making authority rests with the Board.

BUDGET AND RESOURCES

The Board ensures that the Committee has the necessary resources and support to perform its functions effectively. The Committee may invite executives to its meetings and seek external expert opinions when needed, with costs covered by the company.

EFFECTIVE DATE

These terms of reference became effective on March 25, 2022, with the adoption of Board Resolution No. 2022/14. Any amendments to these principles must be approved by the Board of Directors.