

**KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş**  
**THE EARLY RISK DETERMINATION COMMITTEE**  
**DUTIES AND OPERATING PRINCIPLES**

**1. PURPOSE**

The purpose of this regulation is to designate the duties and operating principles of the Early Risk Determination Committee (Committee) to be established by the Board of Directors of Karsan Otomotiv Sanayii ve Ticaret A.Ş. (Company).

**2. BASIS**

This regulation is prepared in accordance with the provisions of Capital Markets Legislation hence Corporate Governance Principles. The relevant provisions of the Turkish Commercial Code are reserved.

**3. POWERS AND SCOPE**

The Committee is established and authorized by the Board of Directors, acts within the scope of its powers and responsibilities and advises the Board of Directors; however the responsibility of final decision always belongs to the Board of Directors.

The Board of Directors provide all kinds of resources and support necessary to fulfill the Committee's duties. The Committee may invite executives to meetings if it deems necessary and obtain their opinions. The Committee may benefit from independent expert opinions on issues related to its activities when deemed necessary. The service fees for the consulting activities required by the Committee shall be borne by the Company.

In accordance with the Capital Markets Legislation and principles stated herein this Regulation, the Committee undertakes the early determination of risks that may endanger the Company's existence, development and continuation; the implementation of the necessary measures related to the risks that are determined; conducting works for the management of the risk; and reviewing of risk management systems.

**4. STRUCTURE OF THE COMMITTEE**

The chairman of the Committee shall be selected among independent Board Members and it shall consist of at least two members. Both of the Committee's members in case it consists of two members and the majority of the members in case it consists of more than two members shall be selected from supervisory non-management Board Members.

In order to ensure the Early Risk Determination and Risk Management Committee's effectiveness, the Committee may establish sub-working groups if necessary from its members and/or persons outside the Committee who have adequate expertise and know-how on Corporate Risk Management.

**5. COMMITTEE MEETINGS AND REPORTING**

The Committee shall meet at least six times annually, being once in 2 months. The Committee shall meet with one more than half of its members and take decisions by majority. At its meetings; the Committee shall evaluate the status of the Company, and prepare in writing its recommendations for the implementation of necessary measures related to the risks determined if available and the decisions taken to be recorded. The Committee shall submit the report including its operation and the results of the meeting to the Board of Directors.

## **6. RESPONSIBILITIES**

Within the framework of the Capital Market Corporate Governance Principles,

The Committee shall fulfill its duties to;

- Identify and evaluate all risks that may endanger the Company's existence, development and continuation, their probability of occurrence and impact;
- Prepare risk measurement models and risk management systems and evaluate their impact at least once a year;
- Measure/monitor risks and inform the Board of Directors for including risk factors to decision processes and make necessary warnings;
- Make recommendations to the Board of Directors for improving risk management applications and models;
- Conduct works in order to ensure the adoption and implementation of risk management policies and applications by all Company departments and employees.

The Committee is obliged to submit the reports required by all of the responsibilities fulfilled by the Committee to the Board of Directors.

## **7. ENFORCEMENT**

The Committee's duties and operating principles and from which members it will consist of shall enter into force by Board of Directors decision and disclosed to the public.