



TURCAS PETROL A.Ş.

WORKING PRINCIPLES OF EARLY DETECTION OF RISK COMMITTEE

I- DEFINITION AND PURPOSE

The Early Detection of Risk Committee (“Committee”) has been established within the Board of Directors of Turcas Petrol A.Ş by the Board Resolution no. 2010/5 and dated 04.03.2010 in accordance with Corporate Governance Principles Communiqué of the Capital Markets Board. The Committee is affiliated to the Board of Directors which operates with the aim of detecting risks which may threaten the Company’s presence, development and sustainability in advance, taking precaution about detected risks, managing risks and reporting related studies to the Board of Directors.

II- BASIS

This document has been established within the framework of Capital Market Legislation and regulations, provisions and principles in Corporate Governance Principles of Capital Markets Board.

III- AUTHORITY AND SCOPE

The Committee has been established to work on:

- Formation of effective internal control systems with the purpose of definition, evaluation, monitoring and management of risk elements possible to impact the Company in terms of reaching its targets,
- Ensuring compliance of risk management and internal control systems with corporate structure of the Company and monitoring its effectiveness,
- Measuring, reporting risk elements with appropriate control methods by risk management and internal control systems of the company and using them in decision

mechanisms.

- The Committee acts within its own authority and responsibility and gives recommendations to the Board of Directors. However, final decision is taken by the Board of Directors.

IV- FORMATION OF THE COMMITTEE

- Chairman of the Committee is chosen among Independent Board members.
- The Committee can benefit from independent opinion of a professional expert (non-Board member), if required.
- People who are experienced in fields such as accounting, finance, audit, legal affairs and management may take place in the Committee.
- Executive Chairman / General Manager can not be assigned in the Committee.
- The Committee consists of at least two members.
- The Committee is assembled with participation of one more than half of the number of members.
- Members of the Committee are determined again in the first Board Meeting to be held after the Ordinary General Meeting in which Board Members are reelected

V- DECISION MAKING MECHANISM

- Decisions of the Committee are in the form of “advisory” to the Board of Directors. Final decision making authority is the Board of Directors.
- The Committee takes decisions by majority votes with the condition of all Independent Board Members’ participation (who are members of the Committee). Affirmative votes of all Independent Board Members (who are members of the Committee) are required. If there is no consensus between Independent Board Members within 4 week period, then the proposed decision should be presented to the Board of Directors for final decision.

VI- MEETINGS

- The Committee assembles once in every 2 month period or without waiting this time when it is required.

VII- RESPONSIBILITIES

- To define, analyze, measure, monitor and report risks faced by the company, to make advisory warnings to the Board of Directors with the purpose of mitigating controllable and

uncontrollable risks,

- To determine risk management policies and application procedures in direction of decisions of the Board of Directors in accordance with risk management methods and to ensure them to be complied with,
- To participate in the process of design, selection, application and approval of risk measurement models, to review models regularly, to make necessary changes by realizing scenario analyses,
- To demand information, opinion and report from the related units to fulfill risk monitoring function effectively when deemed necessary.

VIII- REPORTING RESPONSIBILITY

- The Committee directly reports to the Board of Directors about issues under its authority and responsibility.
- The Committee prepares all works performed in written format and keeps record of them.
- The Committee submits its report including meeting minutes and related studies to the Board of Directors

IX- ENFORCEMENT

- Working Principles of the Early Detection of Risk Committee has been accepted by the Board Resolution No. 2014/14 and dated 28 May 2014 after revisions according to Capital Markets Board Corporate Governance Communiqué no. II-17.1 published in Official Gazette on 3 January, 2014. Finally, with an aim to enhance decision making mechanism of Committees in accordance with Corporate Governance Principles, these principles were revised with the Board Resolution dated 14.06.2017 and numbered 2017/12.
- Amendments to be made here come into effect with the decision of the Board of Directors.