

## **EARLY DETERMINATION AND MANAGEMENT OF RISK COMMITTEE WORKING PRINCIPLES**

### **1. FOUNDATION**

At Ford Otomotiv Sanayi A.Ş.'s (in short "**Company**") Board of Directors meeting no. 2012/18 held on July 10<sup>th</sup>, 2012, an Early Determination and Management of Risk Committee (in short "**Committee**") has been founded in accordance with the provisions of Capital Markets Board regulations and Turkish Commercial Code No. 6102 to advise the Board of Directors with the purpose of early determination of risk and establishing an effective risk management system.

### **2. PURPOSE**

To advise the Board of Directors on such subjects as early determination, evaluation and calculating the impact and possibilities of strategic, operational, financial, legal and other type of risks as may jeopardize the Company's existence, development and sustainability, managing and reporting such risks in accordance with the Company's corporate risk-taking profile, applying necessary measures on determined risks and taking into consideration the same in decision-making mechanisms, and establishing and integrating effective internal control mechanisms accordingly.

### **3. ROLES AND RESPONSIBILITIES**

The roles of Committee are as follows;

- a) to define, evaluate and monitor current and future risks, which may affect achieving the Company targets, under Enterprise Risk Management systematics, to determine principles regarding the management of risks in line with the Company's risk-taking profile, and to ensure the same is utilized by decision-making mechanism,
- b) to determine risks to be absorbed, managed, shared or completely eliminated by the Company in line with their possibility and impact calculations,
- c) to ensure that risk management and internal control systems are integrated into the Company's corporate structure,
- d) to review risk management systems at least once a year and monitor if the applications of the departments, which are responsible for managing risks, are executed in line with the Committee decisions,
- e) to early determine technical solvency, warn the Board of Directors about such and develop preventive recommendations,
- f) to carry out other duties given/to be given to the Committee by the Capital Markets Board regulations and Turkish Commercial Code.

With respect to the subjects defined above, Committee submits its oral or written evaluations and recommendations to the Board of Directors.

### **4. COMMITTEE STRUCTURE AND MEMBERSHIP CRITERIA**

- Committee consists of at least three members. Committee chairman is elected among the independent members of the Board of Directors. General Manager and Deputy General Manager cannot be assigned to the Committee.

- Majority of the Committee members are selected among the non-executive members of the Board of Directors. Experts who are not member of Board of Directors may be assigned to the Committee if necessary.

-The Board of Directors members at the Committee other than the Independent members shall be elected among the Board of Director members nominated by Group B and Group C respectively in equal numbers.

- The members of Committee are determined by Board of Directors elected at the ordinary general assembly in parallel to its term of office. Former Committee members hold office until the new members are elected.

-The Board of Directors provide all types of resources and assistance required for the Committee to fulfil its duties. Committee may invite any manager it may deem fit to obtain his/ her view.

-Committee uses independent expert opinion in such subjects as it may deem necessary in relation to its field of activity. Fees of the consultancy services that are needed by Committee are paid by the Company.

## **5. SUB-COMMITTEES**

In order to ensure the efficiency of its activities, Committee may establish sub-committees consisting of people either among its members and/or from outside with sufficient experience and know-how on early determination and management of risk.

## **6. MEETINGS**

-Committee convenes as frequent as its duties require and at least four times in one year in tenure, unless the regulations require more frequent meetings.

-Committee resolutions are recommendatory whereas the Board of Directors makes the final decision.

-Committee ensures that the Board of Directors is informed on the subjects within the Committee's field of responsibilities and duties. Committee submits its recommendatory reports about risks and remedies to the Board of Directors and the auditor.

-Committee convenes with the attendance of all members and resolves unanimously. If no unanimity is achieved on any subject, its negotiation is postponed to the next meeting. If no unanimity is achieved during the next meeting, the suggestion is deemed as rejected and the situation is notified to the Board of Directors.

-Meetings may be held physically or by electronic means without physical convention (electronical environment or conference call). Physical meetings can be held at the Company's headquarter or any other location where Committee members may access easily. Minutes related to meetings without physical convention are signed by Committee members. It is possible to circulate the Committee decisions which are valid with signatures of the members on the same page or on different pages.

## **7. REPORTING PROCEDURES**

a) Committee decisions are recorded in Committee Book of Resolution through meeting minutes.

b) The meeting minutes should contain at least the following points:

- Date of meeting
- Agenda

- Information regarding the subjects to be evaluated at the meeting
  - Decisions made
- c) Any decision which Committee deems necessary is submitted to the Board of Directors.
- d) Secretary of the Board of Directors is in charge of preparing and safekeeping the reports. Meeting minutes are submitted to Committee members, and then signed and archived.

## **8. ENFORCEMENT**

These Working Principles approved under the Board of Directors Resolution No. 2012/18 dated July 10<sup>th</sup> 2012 have been revised on April 01, 2020. The amendment authority belongs to Board of Directors when it is necessary.