

# ***Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş.***

## ***Duties And Working Principles of Early Detection of Risk Committee***

### **PURPOSE AND SCOPE**

**Article 1-** The purpose of this regulation is to provide Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş. ("Company") to determine the duties and working principles of the Early Detection of Risk Committee to be formed by the Board of Directors.

The main objectives of the Early Detection of Risk Committee, which will work under the Board of Directors, are;

- Early detection of all sorts of strategic, operational, financial, legal and other risks that will endanger existence, development and business continuity of the Company;
- To control and approve that risks detected are managed appropriately by evaluating them in the framework of corporate risk-taking limits of the Company;
- Prioritization of risks that exceed corporate risk-taking limits according to their effects and probability;
- To work through to determine, implement the required measures concerning the risks detected, and thus to manage the risk.

### **FOUNDATIONS**

**Article 2-**This document is issued in the scope of regulations, provisions and principles included in the Turkish Commercial Code, Capital Market Law, Company's articles of association, and "Corporate Governance Principles" of Capital Market Board.

### **ESTABLISHMENT AND STRUCTURE**

**Article 3-** Early Detection of Risk Committee consists of at least 2 members. Majority of the Committee consists of non-executive members of Board of Directors. Chief Executive Officer/General Manager, who has direct executive functions, may not participate in the committee.

**Article 4-** Committee is assigned by the Board of Directors, bounded by duration of Board of Directors membership. Company's members of Board of Directors assign Committee members in the first Board meeting following the General Meeting they are elected, in order to render service till the next election of Board of Directors. Members, whose term expires, may be reelected.

Board of Directors may change the Committee members, assigns new member in case of dismissal from office, resignation or death, and decrease/increase number of members.

**Article 5-** The chairman of the Early Detection of Risk Committee is elected by the Board of Directors from among the independent members of the Board of Directors. Committee members must have sufficient commercial experience and industry expertise to anticipate, understand and assess the risks that the Company and its subsidiaries may face in the areas in which they do business.

### **WORKING PRINCIPLES**

**Article 6-** The Early Detection of Risk Committee meets at least six times a year, once every two months. Committee meetings can be held with the gathering of members or with technological communication facilities. The timing of Committee meetings is as consistent as possible with the timing of Board meetings.

The Chairman of the Committee may call the Committee for an extraordinary meeting upon the request of one of the Committee members, the General Manager or one of the Deputy General Managers, or when necessary.

**Article 7-** The decisions taken at the committee meetings are put in writing. Decisions signed by committee members are kept in an orderly manner. As a result of the bi-monthly meetings, the Committee is obliged to report the findings and suggestions it has reached regarding its field of duties and responsibilities and submit them to the Board of Directors.

At the end of each meeting, a report is prepared, signed and filed by the Committee 6 times a year, and the Chairman of the Committee informs the board of directors about its activities. In this report, the situation is evaluated, the results of the committee meeting, pointing out the dangers, if any, and showing the remedies, are presented, and the summary of the committee meeting is notified to the members of the board of directors in writing. The Committee also sends the Report to the Company's Independent Auditor.

The secretariat procedures of the Committee are carried out by the unit that provides secretarial services to the Board of Directors.

The committee convenes with the participation of all members and takes decisions with the majority of the members attending the meeting, and dissenting opinions, if any, are recorded. Committee decisions are advisory to the Board of Directors.

The committee may, if it deems necessary, delegate some of its duties to one or more subcommittees consisting of two or more members. In the formation of the sub-working group, the expertise of people with sufficient experience and knowledge in early detection of risk, as well as its own members, can be used in recruiting members, depending on the need.

**Article 8-** All kinds of resources and support, required for the Early Detection of Risk Committee to fulfill its duties, are provided by the board of directors.

The committee may invite managers it deems necessary to its meetings and receive their opinions. In addition, they can benefit from independent expert opinions on the issues they deem necessary regarding their activities. The cost of the consultancy services required by the Committee is covered by the Company.

## **DUTIES AND RESPONSIBILITIES**

**Article 9-** The duties and responsibilities of the Early Detection of Risk Committee are stated below

- It carries out studies for the early detection of risks that may jeopardize the existence, development and continuation of the company, the implementation of the necessary measures regarding the identified risks and the management of the risk.
- It reviews risk management systems at least once a year.
- It evaluates the Company's activities and investments in the light of developments in Turkiye and other countries where the Company operates, as well as global trends and developments.
- Assists the Board of Directors in the diagnosis of existing and potential risks that need to be managed, mitigated or eliminated, and in the development of strategies for the management of diagnosed risks and the determination of criteria for existing and potential risks and the reliability of these criteria.
- It evaluates the compliance of the Company's activities with the risk management strategies and practices implemented by the Company.

## **OTHER ISSUES**

**Article 10-** The Committee acts under its own authority and responsibility and advises decision-making mechanisms where it deems necessary; however, the final decision responsibility always belongs to the Board of Directors and does not eliminate the duties and responsibilities of the Board of Directors arising from the Turkish Commercial Code.

When the Committee deems it necessary, with the authorization of the Board of Directors, it has the authority to assign the relevant units of the Company regarding Risk Management, to examine the business processes and to monitor and control whether the actions determined in terms of risk management are taken.

## **VALIDITY**

**Article 11-** This regulation regarding the duties and working principles of the Early Detection of Risk Committee and the related amendments shall enter into force with the decision of the Board of Directors.