



KONTROLMATİK TEKNOLOJİ, ENERJİ VE MÜHENDİSLİK A.Ş.

EARLY RISK DETECTION COMMITTEE REGULATION ON WORKING PRINCIPLES AND PROCEDURES	DOCUMENT NO	: KM.2023.003
	REVISION NO	: 001
	REVISION DATE	: 04.04.2023
	PAGE NUMBER	: 1 / 9
	PUBLICATION DATE	: 04.05.2023

1. ESTABLISHMENT

As per the resolution of the Board of Directors of the Company dated May 4, 2023 and numbered 21, within the framework of the Turkish Commercial Code (TCC) and the Corporate Governance Principles of the Capital Markets Board (CMB) and the recommendations of international institutions (WBG, OECD, EU, EBRD); a Early Risk Detection Committee (“ERDC” or “Committee”) has been established to make suggestions and recommendations to the Board of Directors in order to establish and improve the Company's corporate audit practices.

2. PURPOSE

Under the regulations, provisions and principles set forth in the Turkish Commercial Code (TCC) and the “Corporate Governance Principles” of the Capital Markets Board (CMB) and the recommendations of international institutions (WBG, OECD, EU, EBRD), this document has been prepared by the Company’s Board of Directors for the purpose of early detection of strategic, operational, financial and any other risks that may jeopardize the existence, development and continuity of the Company, implementation of the necessary measures and remedies in this regard and management of the risk, determination of the formation and working principles and procedures of the Early Risk Detection Committee to be elected by the Board of Directors of the Company from among its members and relevant departments to assist it.

3. DUTIES

The duties of the Early Risk Detection Committee include, *but are not limited to*, the followings:

- 3.1 It carries out studies for the purpose of identifying, early detection and identification of risks that may jeopardize the existence, development and continuity of the Company, establishing crisis prevention models and management systems, implementing the necessary measures related to risks and managing the risk.
- 3.2 The Committee reviews the risk management systems at least once (1) a year and oversees the realization of risk management practices in accordance with the Committee Decisions.
- 3.3 The Committee may invite the manager it deems necessary to its meetings and receive their opinions.



- 3.4 The Committee shall benefit from the opinions of independent experts on the matters it needs in relation to its activities. The cost of the consultancy services required by the Committee shall be covered by the Company.
- 3.5 The decisions of the Committee are advisory to the Board of Directors, and the Board of Directors is the final decision-maker on the relevant issues. The Committee shall submit its evaluations and recommendations on the above-mentioned issues to the Board of Directors in writing with a report to be submitted every three (3) months.
- 3.6 To fulfill other duties assigned/to be assigned to the Committee regarding the TCC and CMB regulations.

The Committee notifies the Board of Directors in writing of its evaluations and recommendations on the above-mentioned issues.

4. MEMBERSHIP CRITERIA

- 4.1 The Committee members are appointed by the Board of Directors and consist of at least two (2) members. The Chairman of the Committee is elected among the independent members of the Board of Directors. The Chief Executive Officer and the General Manager cannot serve on the Committee. In case the Committee consists of two (2) members, both of them, and in case the Committee has more than two members, the majority of its members may consist of members of the Board of Directors who do not directly undertake executive functions. When necessary, people who are not members of the Board of Directors but who are experts in their fields may be invited in the Committee.
- 4.2 The Board of Directors shall appoint a person it deems appropriate to act as President of the Committee. In the absence of the President of the Committee and/or an appointed deputy, the other members present shall elect one of their number to chair the meeting.
- 4.3 When the new Board of Directors is elected at the Ordinary General Assembly meeting, the Board of Directors shall appoint the members of the Committee in parallel with its term of office. The duties of the former Committee members shall continue until their replacements are elected.
- 4.4 Only Committee members have the right to attend Committee meetings. The Committee may invite any manager it deems necessary to its meetings and receive their opinions. The Chairman of the Board of Directors, Chief Executive Officer/General Manager, Internal Auditor Accountant Manager, Compliance officer, General Secretary, Chief Legal Counsel, representatives from other directors and functions and other relevant persons may be invited to attend all or part of any meeting as appropriate.



4.5 The Board of Directors shall provide the Committee with all necessary resources and support to fulfill its duties. The Committee shall benefit from the opinions of independent experts on the matters it deems necessary in relation to its activities. The cost of the consultancy services required by the Committee shall be covered by the Company.

5. GENERAL SECRETARY

The Company Secretary General or a nominee appointed by the President of the Committee shall act as the Secretary of the Committee.

6. FREQUENCY OF MEETING AND QUORUM

6.1 The Committee meets at least four (4) times a year. It may also convene as often as required by the task assigned to it in reporting and audit processes.

6.2 The decisions of the Committee are advisory to the Board of Directors, and the Board of Directors is the final decision-making authority on relevant matters.

6.3 The quorum necessary for the transaction of business shall be two (2). A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

6.4 Meetings shall be held at the Company headquarters. The Committee may also hold its meetings in person or in electronic media or by conference call without actually coming together. In this case, the minutes shall be signed by the Committee members. In addition, the decisions of the Committee may be taken by circulation, and the minutes signed by all members shall be valid.

7. NOTICE OF MEETING

7.1 Meetings of the Committee shall be summoned by the Secretary or President of the Committee at the request of any of its members.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than two (2) working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

8. MEETING MINUTES AND REPORTING PROCEDURE

8.1 At the beginning of each meeting, the Secretary General shall determine whether there is any conflict of interest and record the minutes accordingly.



8.2 The minutes of the meeting shall include at least the following

- (i) the date of the meeting;
- (ii) the names, surnames and titles of those who attended the meeting;
- (iii) information on the matters considered at the meeting; and
- (iv) the decisions taken and their nature.

8.3 The decisions of the Committee shall be signed and archived by the members of the Committee after being written down.

8.4 Once approved, the minutes of the decisions of the Committee shall be submitted to the Board of Directors.

8.5 The Secretary General shall be responsible for the preparation and storage of the Committee's reports.

9. ANNUAL GENERAL MEETING (AGM)

The President of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

10. SUB-WORKING GROUPS AND RESPONSIBILITIES

The Committee should fulfill the following responsibilities as appropriate for the Company (*and its subsidiaries and associates, and the Group as a whole*):

10.1 Sub-Working Groups

In order to ensure the effectiveness of the Committee's work, Sub-Working Groups consisting of persons with sufficient experience and knowledge in Risk Management to be selected from among its members and/or externally may be formed as needed.

10.2 Other Matters

The Committee shall:

- (i) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (ii) be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members;



- (iii) give due consideration to laws and regulations and the requirements of the national (TTK, SPK, BIST) and international (WBG, OECD, EU, EBRD) rules as appropriate;
- (iv) Responsible for the coordination of Internal and External auditors
- (v) oversee any investigation of activities which are within its Working Principles and Procedures; and
- (vi) at least once a year, review its own performance, constitution and Working Principles and Procedures to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

The Committee notifies the Board of Directors in writing of its assessments and recommendations on the above-mentioned issues.

11. AUTHORITY

The powers that the Committee may exercise when necessary are as follows:

- 11.1 To seek any information it requires from any personnel of the Company in order to perform its duties;
- 11.2 to call any employee to be questioned at a meeting of the Committee as and when required.
- 11.3 When necessary, to obtain independent expert opinions on matters deemed necessary in relation to the Committee's activities.

12. . AMENDMENT

The Committee shall review this Working Principles and Procedures every year and recommend to the Board of Directors any changes it deems necessary. The Board of Directors is authorized to review and update the working principles.

13. EFFECTIVE DATE

This Regulation on Working Principles and Procedures of the Early Risk Detection Committee have been approved by the Board of Directors' resolution dated May 4, 2023 and numbered 21 and are in force.

-/-