

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Declaration Of Compliance With Corporate Governance Principles

Mavi's corporate culture is defined by remaining close to its customers, being passionate for its product quality and reliable toward its employees. At Mavi, business partners are regarded as permanent and the company seeks to establish a deep connection with its customers. Mavi conducts its operations in accordance with the principles of transparency, fairness, responsibility, accountability and sustainability.

The Company began trading on Borsa Istanbul on June 15, 2017 (ticker symbol "MAVI") and henceforth it has been subject to CMB regulations. As a matter of policy, Mavi fully complies with the mandatory principles stipulated under the Corporate Governance Communiqué No. II-17.1. Mavi also aims to achieve full compliance with non-mandatory Corporate Governance principles and work is in progress on applying those principles Mavi has yet to implement. Once Mavi completes its implementation of the legal and technical infrastructure, the Company will be fully compliant with all Corporate Governance principles, mandatory or not.

The non-mandatory Corporate Governance principles Mavi has yet to implement are indicated below, including the reasons for non-implementation. Mavi has no conflict of interest arising from not having achieved full compliance with these principles.

Article 1.5.2. Under the Articles of Association, minority rights are not granted to shareholders who hold less than one twentieth of capital and in accordance with general practice, minority shareholders hold rights accorded by the general provisions of law.

Article 4.2.5 The posts of Chairman of the Board of Directors and General Manager (CEO) are held by separate individuals, whose respective scopes and limitations of authority are clearly specified in the Internal Directive.

Article 4.3.9 The Board of Directors currently has one female member. The company is working toward increasing the number of female members on its Board of Directors.

Article 4.4.7 The members of the Board of Directors are trusted individuals with successful careers and competencies, providing significant contributions within the principles of confidentiality. No restrictions were introduced regarding the duties of the board members outside the Company. Such a restriction is not deemed necessary, particularly taking into account that the work experience and sector insights of independent members deliver essential contributions to the Board of Directors.

Article 4.5.5 The Company has set the number of independent Board members at two by considering various factors such as the volume of its operations and administrative needs. Currently, the Board has three committees. With regard to the principle requiring committee chairs to be independent members, it has been necessary to delegate multiple committee memberships to the independent directors. This does not give rise to any conflict of interest within the Company.

Article 4.6.5 The General Assembly determines remuneration payable to members of the Board of Directors. In line with general practice, remunerations of Board members and senior executives are disclosed to the public in the Company's financial table footnotes.

Pursuant to the CMB decision dated 10.01.2019 n. 2/49, 2018 Corporate Governance Compliance Report and Corporate Governance Information Form of Mavi, which is prepared in accordance with the new reporting format, is publicly disclosed separately on the Public Disclosure Platform (KAP).

2. Shareholders

2.1. Investor Relations Department

Shortly after its initial public offering, Mavi established an Investor Relations Department to inform local and foreign investors in an accurate, consistent and timely manner (while protecting trade secrets and confidential information and with a view to ensuring equality in communicating information), raise the Company's profile and increase its credibility, ensure two-way communication and information flow between the Board of Directors and the capital markets regulators and participants, compliance with legislation and the Articles of Association in respect of shareholders' rights, and to fulfil obligations of public disclosure in compliance with applicable legislation and the Company's Public Disclosure Policy. The Investor Relations Department reports directly to the CFO. The senior director of investor relations holds a Capital Markets Activities Level III License and a Corporate Governance Rating License and she is a member of Mavi's Corporate Governance Committee.

In the special accounting period from February 1, 2018 to January 31, 2019, the Investor Relations Department attended 14 investor conferences and roadshows in Turkey and abroad, and held over 100 teleconferences and meetings at the head office to share Mavi's financial, operational and strategic developments. At these events and meetings, the Company had contact with 552 investors and analysts from 232 local or international institutions. Furthermore, through the year, the Department held four earnings webcasts aimed at investors and analysts, announcing quarterly financial results. Investors and analysts unable to participate can later view the webcasts, presentations, and transcripts of the questions addressed to the management and as well as the answers duly posted on the Company's website.

All the requests for information that the Company received by phone or email in the special accounting period from February 1, 2018 to January 31, 2019 were answered in accordance with the Company's Public Disclosure Policy and in line with publicly available information.

The Investor Relations Department submitted four reports on its activities as well as macroeconomic and industry developments and stock performance to the Corporate Governance Committee and the Board of Directors. The Investor Relations Department also informs the Board of Directors constantly on the developments about the issues raised in investor meetings.

Contact details of the Investor Relations Department:

Senior Director of Investor Relations

Duygu İnceöz

Phone: +90 (212) 371 20 29

Email: Duygu.inceoz@mavi.com

2.2. Exercise of Shareholders' Right to Obtain Information

No discrimination is made among shareholders in terms of exercising the right to examine and request information, and all information, other than those considered trade secrets, is disseminated to shareholders in accordance with the Company's Public Disclosure Policy to avoid inequality in obtaining information.

The Investor Relations Department at Mavi promptly responds to shareholders' and other stakeholders' information requests and questions via various channels and the most efficient means of communication. Furthermore, in order to enable shareholders to exercise their right to information in the most efficient manner, the Department maintains an Investor Relations tab on the corporate website (mavicompany.com) - also linked from the official website (www.mavi.com) - where investors and other stakeholders are provided with all publicly available financial and operational

data, all the Company's material disclosures and public announcements and notifications. The website is available in English and Turkish. Additionally, the Department emails the latest operational and financial announcements to those people or institutions that register for the Investor Relations mailing list.

Even though the right to request a special auditor is not regulated as a personal right in the Articles of Association, pursuant to Article 438 of the Turkish Commercial Code, each shareholder - in order to exercise shareholder rights properly and if they deem necessary - is entitled to ask the General Assembly for clarification of certain instances through a special audit even if this is not included in the agenda and provided that the right to obtain information and inspect is exercised previously. To date, shareholders have not asked for such an audit. Furthermore, the Company operations are regularly audited by an Independent Auditor appointed by the General Assembly.

2.3. General Assembly Meetings

The ordinary general assembly convened on May 2, 2018 to review the special accounting period from February 1, 2017 to January 31, 2018 with 66.47% participation at the "Raffles Istanbul Hotel Levazım Mahallesi, Koru Sokağı Zorlu Center 34340 Beşiktaş/İstanbul" with attendance open to stakeholders. No additional agenda items were proposed by the shareholders for the said meeting.

The General Assembly meetings are held under the supervision of the ministry representative appointed by the Ministry of Commerce. Calls to General Assembly meetings are issued by the Board of Directors in accordance with the provisions of the Turkish Commercial Code, Capital Markets Law and the Company's Articles of Association of the Company. On the date of the Board of Directors' resolution to convene the General Assembly, the public is informed by necessary material disclosures on the Public Disclosure Platform and via the Electronic General Assembly System (EGKS). In addition to the procedures set out in relevant legal regulations, the General Assembly meeting is announced at least 21 days before the General Assembly meeting on the corporate website and on the e-company portal of the Central Registry Agency, in order to reach the maximum number of shareholders possible. Prior to the General Assembly meeting, necessary documents regarding the agenda items are announced to the public while all legal processes and regulations are observed in all notifications. Within the framework of the agenda items of the General Assembly; Annual Report, Financial Statements, Corporate Governance Principles Compliance Report, Dividend Distribution Proposal, Independent Auditors' Report, the draft Amendments - if any - to the Articles of Association, showing both the old and new versions, Disclosure Policy, Remuneration Policy, Dividend Distribution Policy, and résumés of the Board members are made available for the shareholders to reviews at the Company's head office and on the website 21 days before the General Assembly meeting. Furthermore, detailed information is provided for each agenda item in the information documents related to agenda items and other information anticipated for the General Assembly meetings are offered to the investors.

At the General Assembly meeting, the agenda items are presented in an objective and detailed manner using a clear and understandable method, enabling the shareholders to express their opinions and ask questions under equal conditions. At the General Assembly meeting on May 2, 2018, the questions asked by our shareholders were answered on the spot and no written question was sent to the Investor Relations Department due to failure to be answered at the General Assembly meeting.

In order to facilitate attendance, shareholders can also follow the General Assembly meetings via EGKS. The venue where the General Assembly meetings are held is planned to enable participation of all shareholders. Furthermore, proxy forms are available on the website and the e-company portal and also offered to shareholders through an announcement on the trade registry newspaper.

The minutes of the meeting can be accessed via KAP, EGKS, e-company portal and corporate website. Furthermore, these minutes are open to shareholders at the Company head office and given to those who demand them.

Information on the donations and grants made in the reporting period is presented to the General Assembly meetings under a separate agenda item. At the Ordinary General Assembly Meeting on May 2, 2018, the upper limit for donations to be made by the Company in the special accounting period of 1 February 2018 - 31 January 2019 was set at TL 700,000 and the amount of donations and aid amounting to TL 424,641 has been realized.

In order for the Board of Directors to reach a resolution in accordance with the Capital Market Regulations, in the special accounting period from February 1, 2018 to January 31, 2019, the majority vote was sought by most of the independent Board members, however there were no transactions that left the job to the General Assembly due to the negative votes of the said members.

In the special accounting period from February 1, 2018 to January 31, 2019, no materially significant transaction has transpired that would cause a conflict of interest between the controlling shareholders, Board members, executives with administrative responsibilities and their spouses, relatives by marriage and blood relatives up to the second degree with the company and its affiliates.

2.4. Voting and Minority Rights

The Company's Articles of Association do not grant any privileges regarding voting rights. Each share is entitled to one vote at Ordinary and Extraordinary General Assemblies.

Shareholders may appoint proxies to attend General Assemblies from among the shareholders or third parties. Proxy holders who are shareholders in their own right may exercise the voting rights accruing to their own shares and to each share for which they hold proxy. The form of the proxy documents shall be determined and announced by the Board of Directors in accordance with capital markets legislation.

The Company refrains from practices that inhibit shareholders' exercise of their voting rights and it has established mechanisms to ensure every shareholder, including international ones, can exercise voting rights in the simplest and most convenient manner possible.

Pursuant to Article 10, paragraph (e) of the Articles of Association, shareholders who are entitled to attend the Company's General Assemblies can choose to do so via electronic medium in accordance with Article 1527 of the Turkish Commercial Code.

Even though the Articles of Association do not provide for a ratio lower than 5% for the exercise of minority rights, Mavi takes utmost care to enable the exercise of the minority rights in accordance with the provisions of the Turkish Commercial Code.

2.5. Dividend Rights

The Company's dividend distribution principles are set out in its Articles of Association under Article 15 "Determination and Distribution of Profit." The Article stipulates that the Company will adhere to the provisions of the Turkish Commercial Code and capital markets legislation in determining and distributing profit. The Articles of Association do not grant any privileges to shareholders in respect of profit distribution.

The Company's Dividend Distribution Policy, approved at the Ordinary General Assembly Meeting on May 2, 2018 and disclosed to the public on the corporate website is set forth below.

Dividend Distribution Policy

The purpose of the dividend distribution policy is to ensure that a balanced and consistent policy is implemented pursuant to the applicable legislation in relation to the interests of the investors and the Company, inform the investors sufficiently and maintain a transparent policy toward the investors.

The general assembly, upon the proposal of the Board of Directors, resolves on the distribution of dividends and the timing and manner of such distribution. To the extent allowed by applicable regulations and financial resources, and taking into account market expectations, long term strategies of the Company, needs of the subsidiaries and affiliates, investment and financing policies and profitability and cash reserves, the Company aims to distribute to the shareholders and other persons sharing the profit at least 30% of the distributable net profit calculated for the relevant period pursuant to the Articles of Association, TCC, CMB's Dividend Distribution Communiqué No. II-19.1 and tax legislation. Dividends may be distributed in cash and/or bonus shares and/or as a combination of both in certain ratios. Dividends are distributed equally to all shares in existence at the time of distribution, pro rata to their respective ratios and regardless of their date of issuance or their date of acquisition. Dividend payments may be made in equal or varying instalments, provided that this is resolved upon during the general assembly meeting where the general assembly has resolved to make dividend distribution. The dividend distribution will commence on the date determined by the General Assembly, provided that the distribution is initiated before the end of the accounting period within which that General Assembly meeting takes place. The General Assembly's dividend distribution resolution, passed in accordance with the Articles of Association, may not be revoked unless permitted by applicable law. Should the Board of Directors propose not to distribute dividends, the reasons for this proposal and the manner in which the retained profit would be used will be explained under the agenda item concerning dividend distribution, and this information will be submitted to the shareholders during the General Assembly.

The Board of Directors' dividend distribution proposal or the Board resolutions relating to the distribution of advance dividends will be announced to the public in accordance with the relevant regulations, with the form and content of the relevant proposal/resolution, and the tables showing the dividend distribution or the advance dividend distribution, as applicable. Furthermore, to the extent any amendments to this dividend distribution policy are to be introduced, the Board resolution regarding such amendments shall be announced to the public with the reasons of amendment.

2.6. Transfer of Shares

The Articles of Association do not include special provisions that complicate or limit transfer of shares by the shareholders.

3. Public Disclosure And Transparency

3.1. Corporate Website and Contents

Mavi's corporate website is www.mavicompany.com and its purpose is to inform shareholders, other stakeholders and the general public concurrently, clearly, fully, and accurately. This site can also be accessed via a link on the Company's official website, www.mavi.com. The website's Investor Relations section includes all information that the CMB stipulates for disclosure and this information is constantly updated. The information on the Company's corporate website and its investor relations section is the same as or consistent with those disclosures made under the provisions of the applicable legislation; there is no conflicting or missing information. This information is provided in Turkish and English on the website.

3.2. Annual Report

Mavi's annual and interim activity reports are detailed enough to provide the public with full and accurate information on the Company's activities. At a minimum, they include all the information required by the relevant Communiqué of the CMB and under the Corporate Governance Principles. They are published on Mavi's corporate website, www.mavicompany.com.

4. Stakeholders

4.1. Informing Stakeholders

In addition to the shareholders and capital markets participants, Mavi briefs its employees, customers, dealers, suppliers, financial institutions, potential investors and all other stakeholders on a continuous basis via press conferences, press releases, annual reports, corporate website and its practices under its Public Disclosure Policy. Furthermore, to the extent deemed necessary and practical, the Company regulates its relations with such persons under written contractual arrangements.

To the extent that stakeholders' rights are unregulated by law or contract, the interests of the stakeholders are safeguarded by goodwill and to the extent that the Company is able to do so while maintaining the Company's reputation.

The Company briefs the public via press conferences, press releases and interviews. Press statements on financial issues are concurrently released on Mavi's corporate website.

Mavi communicates its notifications and employee briefings to all employees via email at the same time and simultaneously posts them on Mavi's intranet (Maviletişim), which is accessible to all Mavi employees. The Corporate Communications Department also publishes a newsletter, Maviletişim, to enhance communication with the employees.

The Company has designed its communication channels to ensure accessibility for all stakeholders, and access details are posted on the corporate website.

Stakeholders may communicate with the Company via the Corporate Governance Committee, the Audit Committee and the Investor Relations Department or directly by email, post or telephone. Through the Mavi Ethics Board, stakeholders may inform the Corporate Governance Committee or the Audit Committee of actions they deem to violate applicable legislation or to be unethical. The Audit Committee is responsible for reviewing and resolving complaints communicated in relation to accounting, internal control and independent audit of the Company and, similarly, to respond to notifications by Company employees concerning accounting and independent audit. The Audit Committee maintains confidentiality in these cases.

In case of any conflict of interest arising among the stakeholders or a stakeholder being included in multiple groups of interest at the same time, the Company adheres to a balanced strategy to the extent possible to safeguard all interests.

4.2. Stakeholder Participation in Management

Mavi has in place several practices aimed at facilitating and promoting stakeholders' participation in the Company's management and it strives to enhance these practices.

Employees:

Numerous meetings are held at regular intervals to brief employees and to ensure their participation in management. These include:

- **MassMavi Meetings:** These meetings, open to all head office employees, provide a platform for departments to share their monthly business plans.
- **Management Forum Meetings:** The Company's activities over the previous six months are reviewed at these comprehensive biannual meetings, open to all head office employees.

- **GoForward Meetings:** Thanks to the achievements and inspiration of the Adizes methodology, which proved to be efficient in 2015, Mavi implemented a series of workshops in nine “Go” groups. The workshops, initially held with the participation of directors, evolved into multi-functional, solution-oriented project groups including managers. The workshops’ scope extended to cover all functions of the Company. The nine workshops—Gojeans, Gowomen’s&Accessories, Gomen’s, Gocustomer, Gosales, Gooperations, Gointernational, Gosystems, Gocrm&e-commerce, Goimprove and Goorganization—also host outside experts in their respective fields.
- **GoSeason Meetings:** These are annual meetings providing training to store managers on the forthcoming season collections and product information. During these meetings, managers of the relevant categories inform the store managers directly about the prominent products of the season and the store managers’ feedback is received.
- **Marketing Direction Meetings:** These are seasonal meetings where brand strategy and priorities are evaluated together with customer, market, product and competition analyses, and results are shared with management teams, particularly the sales and category departments.

Franchisees:

Mavi holds meetings with its domestic and foreign franchisees four times a year to present the Company’s strategy and targets, and collections. The franchisees have briefings on current developments and their opinions and suggestions are considered.

Suppliers:

Mavi works with approximately 130 direct and indirect suppliers, who form an important part of the supply chain. There are various practices in place to increase the Company’s cooperation with its suppliers, including supplier trainings, audits and visits, during which general information on the Company’s vision, strategy, business targets and future actions are presented, and Mavi’s expectations of suppliers in respect to corporate responsibility and occupational health and safety are communicated.

Customers:

One of Mavi’s most important priorities is the ‘Happiest Mavi Customers’ approach. This approach is focused on continuously achieving the highest customer satisfaction. To embed this approach in its operations, Mavi established a special project group, GoCustomer, to channel the energies of Marketing, HR, Sales and Training department employees into this endeavor year round and thereby ensure Mavi customers enjoy superior product and service quality, and perfect shopping experiences. Considering that the path to creating the Happiest Mavi Customers goes through the happiest, most skilled and most dynamic field team, Mavi Connect, which connects the field and the Head Office and deepens the engagement and feedback culture, was developed in 2018 as a brand new digital training and communication platform.

Mavi customers can contact Mavi by telephone, email, and social media or through Mavi stores to comment on the Company’s products and services, communicate their thoughts and feelings about Mavi, or to make suggestions. The Company’s in-house call center team manages the entire multi-channel flow of information that Mavi receives and the team responds to the customers appropriately. Customer complaints about products and other matters are recorded and reported. Meetings are held to share these reports with all departments of the Company.

Additionally, service is procured from a third-party firm to monitor all customer social media posts and conversations about Mavi. This service tracks all the engagements about the Company, collects valuable insights and enables rapid turnaround in matters that require response. Over 90% of the content shared and the conversations on social media regarding Mavi are positive.

Mavi conducts regular surveys to collect information on its customers' perceptions and on consumer habits in relation to the Mavi brand, products and advertising campaigns. The Company's Secret Customer visits to Mavi stores and franchises aim at inspecting, monitoring and reporting each retail point and on its service quality.

4.3. Human Resources Policy

Mavi's main Human Resources (HR) targets are to ensure that its human resource, its most valuable asset, functions in the most efficient and productive manner possible, to monitor motivation and job satisfaction in terms of remuneration and morale, and to produce relevant policies and measures. Mavi established its Human Resources Policy with the aim of becoming the most favored employer.

Mavi's HR processes are developed and conducted by teams from HR and organizational development, talent acquisition and recruitment, retail HR and administrative affairs, all of which operate under the supervision of the Global Human Resources Directorate. Even though a dedicated employee representative has not been appointed to handle employee relations, all means of communication are available to all employees of the Company.

HR policies and practices are built to comply with Mavi's business strategies and to support its sustainable growth. They are defined by the organizational competency and behavioral traits ("Mavi Competence Model") and managed accordingly.

HR principles:

- To recruit young employees and experienced professionals with the potential to drive Mavi forward
- To establish and maintain systems that enable employees to advance, develop, succeed and move forward
- To invest constantly in the development of Mavi employees, identify their training needs, prepare and implement relevant training programs
- To ensure Mavi employees perform tasks compatible with their particular knowledge and skills, to establish regulations that improve efficiency and productivity
- To nurture employees' loyalty to the Company through career opportunities and reward mechanisms
- To create and maintain a safe, healthy and peaceful working environment in accord with Environment and Occupational Health and Safety
- To fill new positions from the existing human resource to the extent possible
- To select the most suitable candidates by taking into consideration the Company's current and future needs, to offer equal opportunities to the candidates, and to maintain cultural diversity.

The Company has published policies and procedures relating to all HR processes, including employees' job descriptions, performance appraisals and reward criteria. These documents are available on Maviletişim, a portal accessible to all employees. Employees are provided with periodical briefings via the Company's email system and the intranet platform.

All employees are treated equally and free of discrimination on grounds of ethnic background, language, religion, race or gender across all human resources processes, including recruitment, training and development, performance and talent management, career management, and remuneration. The Company received no complaints of discrimination from employees in 2018.

4.4. Code of Conduct and Social Responsibility

Mavi communicates its understanding of ethics under the Code of Conduct, 'Us and Our Principles in Mavi' (Mavi'de Biz ve İlkelerimiz), which is available to all stakeholders via the Company's corporate website and its intranet. If Mavi employees witness unethical conduct at work, they may submit an anonymous complaint via the dedicated Ethics Line. Mavi's customers, suppliers, and other stakeholders or groups may submit complaints of unlawful or unethical practices to the Ethics Board via telephone or email.

Mavi's Ethics Board, consisting of three permanent members and one substitute, is responsible for investigating and resolving complaints of and notifications about ethics violations. The Ethics Board's chairperson and members perform their duties independently from the hierarchy within their own departments and departmental managers, and free from external influence. The Ethics Board is not exposed to pressure from anyone and its decisions are implemented promptly.

Through social responsibility events inspired by youth, Mavi aims to create sustainable social benefit and empower young people. The Company is engaged in various social responsibility projects, including the following:

- Supporting the Ecological Research Association's (Ekolojik Arařtırmalar Derneđi, EKAD) Indigo Turtles project, assisting the preservation of sea turtles facing extinction, since 2014
- Granting scholarships annually to female students, the number of which equals the age of the Company. For the 2018 - 2019 academic year, 28 students received grants under the Mavi Scholarship project, which supports them through their university education

5. Board Of Directors

5.1. Board Structure and Composition

The duties and responsibilities of Mavi's Board members are clearly set out in the Company's Articles of Association. The Board of Directors principally defines the Company's strategic targets, determines the personnel and financial resources the Company requires, and supervises the performance of the management.

The Board of Directors consists of two types of members: executive members and non-executive members. Non-executive members, free of any other administrative duties at the Company, will constitute the majority of Board members.

The Company is managed and represented by a Board of Directors consisting of six members. Half of Mavi's Board members are elected from among candidates proposed by the Class-A shareholders. The Chairperson of the Board of Directors is elected from among those Board members proposed by Class-A shareholders.

Sufficient number of independent members are appointed to the Board of Directors by the General Assembly, in line with the principles concerning independence of the members of Boards of Directors, as set out in the CMB's Corporate Governance Principles. These independent members must possess the qualifications sought under the CMB's Corporate Governance Principles. CMB regulations also govern the terms of office of the independent members of the Board of Directors. In the special accounting period from February 1, 2018 to January 31, 2019, no circumstances that would impair the independence of the independent members occurred.

In the special accounting period from February 1, 2018 to January 31, 2019, only one woman sat on Mavi's Board of Directors. The Corporate Governance Committee has recommended the Board of Directors to increase the number of female Board members and work is ongoing in this matter.

The résumés of the Board members are included in the Annual Report covering the special accounting period from February 1, 2018 to January 31, 2019 under the section 'Board of Directors' and they were made publicly available on the corporate website.

At Mavi, the positions of the Chairperson of the Board of Directors and the CEO are assumed by different individuals. While Board members are required to dedicate sufficient time to the Company's affairs, there is no restriction on their duties outside of the Company. Considering the significant contribution Board members make to Mavi's Board of Directors with their professional and sector specific experience, imposing restrictions on their external duties is not deemed necessary. Prior to every General Assembly, the résumés of the Board members and their duties external to the Company are submitted to the shareholders.

Currently, the Board of Directors of Mavi consists of 6 members and these members have been elected to serve for a term of 3 years at the Ordinary General Assembly Meeting held on 2 May 2018.

Name	Position	Other Positions Within the Group and Name of the Relevant Company	Positions External to the Group and Name of the Relevant Company
Ragıp Ersin Akarlılar	Chairman Non-executive	President - Mavi USA Member, Supervisory Board - Mavi Germany Company Secretary - Mavi Canada	-
Seymur Tari	Board member Non-executive	-	CEO - Turk Ventures Adv Ltd., Istanbul Vice chairman - Medical Park Sağlık Hizmetleri A.Ş., Flo Mağazacılık ve Pazarlama A.Ş., Koton Mağazacılık Tekstil Sanayi ve Ticaret A.Ş., DP Eurasia BV, Elif Plastik, Board member - MNG Kargo A.Ş.
Fatma Elif Akarlılar	Board member Executive Chief Brand Officer	Management board member - Mavi Germany	-
Ahmet Cüneyt Yavuz	Board member Executive Chief Executive Officer	Management board member - Mavi Germany	-
Ahmet F. Ashaboğlu	Independent director Non-executive	-	CFO - Koç Holding Board member - several Koç Group companies

Name	Position	Other Positions Within the Group and Name of the Relevant Company	Positions External to the Group and Name of the Relevant Company
Nevzat Aydın	Independent director Non-executive	-	CEO and Board Member - Yemeksepeti.com Advisory Board Member - Allianz Board member - Endeavor (www.endeavor.org.tr), TOBB Young Entrepreneurs, American Turkish Society Founding Member - Galata Business Angels

5.2. Board of Directors' Operating Principles

Board meeting agendas are determined upon the notification by the relevant units to the senior management and the Board of Directors of the matters that are expressly stipulated by the Articles of Association to be considered by the Board of Directors. The board will convene or pass resolutions as and when the Company's affairs necessitate upon the request of the Chairperson or the Vice Chairperson. In the special accounting period from 01.02.2018 to 31.01.2019, the Board of Directors passed 57 resolutions.

In general, all members of the Board attend the meetings that convene in accordance with Article 390/1 of the Turkish Commercial Code.

Pursuant to Turkish Commercial Code, Article 390/4, should all members agree that a Board meeting is not required; the Board may pass resolutions by obtaining the written assent of a majority of the Board members to proposed resolutions submitted in writing by Board members.

Provisions of the Turkish Commercial Code and capital markets legislation apply to the meeting and resolution quorums of the Board of Directors. Mavi's Articles of Association include no provision granting Board members casting votes or vetoes in Board meetings.

Dates of Board meetings are set at the beginning of each fiscal year and communicated to Board members. Meeting notifications are also sent via telephone and email. The Company's Senior Legal Counsel serves as the secretary of the Board of Directors.

Board meeting minutes record all questions raised, all matters discussed, and all resolutions passed, with the reasoning for the voting outcomes. No votes were cast against Board resolutions in 2018.

In the 2018 fiscal year, no related party transactions or material transactions, which were disapproved by the independent members and therefore required presentation to the General Assembly for approval, took place. The Company has executive liability insurance coverage of US\$25 million, which extends to all members of the Board of Directors and to the senior management of Mavi's affiliates/subsidiaries.

5.3. Number, Structure and Independence of Board of Directors' Committees

The Board of Directors established an Audit Committee, a Corporate Governance Committee and an Early Detection of Risk Committee to ensure that the Board fulfils its duties and responsibilities in a safe and sound manner. The committees carry out their duties in accordance with the specified operating principles, which are also available on the Company's corporate website.

The Board of Directors appointed members to these committees on May 2, 2018 and disclosed the resolution on the Public Disclosure Platform (PDP).

The Company did not form a Nomination Committee or a Remuneration Committee in 2018, and delegated the relevant functions to the Corporate Governance Committee.

The Board of Directors provides all resources and extends full support to the committees for performance of their assigned duties.

Executive members are not eligible for appointment to these committees. Since it is mandatory to appoint the chairpersons of the three committees under the Board of Directors and the members of the Audit Committee from among the Board's independent members, those members serve on multiple committees.

Audit Committee

Name	Title on the Committee	Independent/Non-executive
Ahmet F. Ashaboğlu	Chairperson	Independent, non-executive
Nevzat Aydın	Member	Independent, non-executive

The Audit Committee performs its assigned duties in compliance with capital markets legislation and operating principles of the committees adopted by the Company's Board of Directors.

The Audit Committee passed twelve resolutions in 2018, collectively expressing its observations on the accuracy, correctness and compliance with the Company's accounting principles of the annual and interim financial tables prepared for public disclosure, the quarterly realizations of the related party transactions and the realizations of the assumptions on which the public offering price was determined.

The Internal Audit Department operates on the principles of independence and reports directly to the Audit Committee, which consists of independent directors.

Corporate Governance Committee

Name	Title on the Committee	Independent/Non-executive
Nevzat Aydın	Chairperson	Independent, non-executive
Ragıp Ersin Akarlılar	Member	Independent, non-executive
Duygu İnceöz	Member	-

The Corporate Governance Committee was established to monitor the Company's compliance with corporate governance principles, examine the reasons for non-implementation of the principles that have yet to be implemented, and recommend to the Board of Directors ways to improve corporate governance practices.

In 2018, the Committee reviewed the Company's corporate governance practices and the corporate governance Report, and informed the Board of Directors on the activities of the investor relations department.

Also functioning as a remuneration committee, the Corporate Governance Committee submitted to the Board of Directors its opinion on the honoraria to be paid to the independent directors.

Early Detection of Risks Committee

Name	Title on the Committee	Independent/Non-executive
Ahmet F. Ashabođlu	Chairperson	Independent, non-executive
Ragıp Ersin Akarlılar	Member	Independent, non-executive
Tuba Toprakçı Yılmaz	Member	-

The Early Detection of Risks Committee was established to identify the risks that pose a threat to the Company's existence, development and continuity ahead of time, implement risk-mitigation and risk management measures, and manage the risks.

The Early Detection of Risks Committee convenes at least six times a year. In 2018, the Committee submitted seven written reports to the Board of Directors on enterprise risk management that involves detection of risks and determining the steps and actions to avoid or mitigate risks.

5.4. Risk Management and Internal Control Mechanism

Mavi has established an Early Detection of Risk Committee under its Board of Directors in line with Article 378 of the Turkish Commercial Code and the CMB's Corporate Governance Communiqué. The Committee identifies the risks that may jeopardize the Company's existence, development and continuity ahead of time, thereby supporting the Board of Directors' implementation of risk-mitigation and management measures. The Committee reports to the Board of Directors every two months and the Company forwards these reports to its independent auditors. The Board of Directors regularly assesses the risks that the Company faces based on the information provided by the Committee.

Responsibility for the management and reporting of risks is supervised by the CFO in coordination with other departments. The risks are prioritized based on periodical reports at the meetings, action plans and responsible departments are determined, and monitored with Critical Risk Indicators. The principal risks that the company is exposed to are categorized and followed under four main headings: financial risks, reputation risks, strategic and operational risks, and legal risks.

The Company is also working toward full compliance with the Information Technologies Systems Communiqué, which entered into force January 5, 2018 upon publication in the Official Gazette, No. 30292.

Standard definitions, job descriptions, authorization system, policies and written procedures that are part of the workflows constitute the internal control system. The senior management of the Company and of its subsidiaries hold responsibility for internal control mechanisms. The internal control system is periodically reviewed and audited by the Internal Audit Department.

5.5. Mavi's Strategic Targets

The Board of Directors defines the Company's strategic targets, determines the human and financial resources that the Company requires and supervises management performance. In this regard, roadmaps are prepared detailing the operational and financial plans of the Company for three years (detailed plans are laid for the forthcoming year and macro-level plans for the two subsequent years). These plans are updated every year, taking into consideration developments in local and international dynamics. Once a year, Go Forward meetings are organized to discuss these strategies first with C-level managers and then with managers on all levels to ensure alignment of the whole organization on short and long-term targets of the company.

The management budget, detailing the Company's operational and financial plans for the forthcoming fiscal year, is prepared with the participation of all departments in two phases; the first covers the spring-summer and the second fall-winter. These plans are discussed in detail and finalized, then approved during budget meetings held with the entire senior management and the Board of Directors in attendance. The Board of Directors monitors the financial performance of the Company versus the budget at quarterly meetings. The Board also reviews strategic developments, formulates strategies by considering the recommendations of the administrative structure and makes investment decisions.

In the yearend performance appraisal process, financial and operational indicators along with the degree that the Company has attained its strategic targets are evaluated. These results provide input for the performance system.

5.6. Financial Benefits

All the rights, benefits and remuneration provided to the Board members and senior management, along with the criteria applied when determining such, and remuneration principles are set out in the Company's Remuneration Policy, which is available on the corporate website.

Determining the remuneration for non-executive board members will constitute a separate agenda item at the ordinary general assembly meeting to review 2018. Remuneration of independent members of the Board does not involve dividends, stock options or performance-based payment plans.

The 2018 aggregate of financial benefits paid to Board members, the general manager and the executives reporting directly to him amounted to TL 43,193,000, inclusive of salaries and bonuses. Pursuant to Article 4.6.5 of the Corporate Governance Principles, the salaries and all other benefits paid and provided to Board members and senior executives are disclosed to the public via the Company's annual report. However, the disclosure only provides a breakdown of the benefits as a sum for the Board of Directors and senior executives and does not specify individuals. In 2018, independent Board members, Nevzat Aydın and Ahmet F. Ashabođlu, and the Chairman of the Board of Directors, Ragıp Ersin Akarlılar were each paid TL 8,000.00 in net monthly honoraria. Board member Seymur Tari waived his honorarium receivables with an application he filed with the Company following the Ordinary General Assembly Meeting on May 2, 2018 and therefore was not paid any honorarium.

Revision of the net monthly honorarium of TL 8,000.00 paid to independent Board members, Nevzat Aydın and Ahmet F. Ashabođlu, and the Chairman of the Board of Directors, Ragıp Ersin Akarlılar to TL 9,600.00 for the 2019 fiscal year will be submitted to the general assembly for approval.

No loan or other credits are extended to the Board members by the Company, which also does not grant any guarantees or other collateral in their favor.