

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 has been subject to CMB regulations since then. 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 to apply 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.

Corporate Governance Principles Compliance Report (URF) and Corporate Governance Information Form (KYBF) pertaining to the Company's special accounting period of February 1, 2019 - January 31, 2020 has been prepared in accordance with the presentation principles laid out by CMB's resolution no. 2/49 dated January 10, 2019, published in the CMB Weekly Bulletin, and duly approved by the Company's Board of Directors.

URF and KYBF can be found under the Investor Relations tab on the corporate website (www.mavicompany.com), which can be accessed from (mavi.com) and from the www.kap.org.tr/tr/Bildirim/843760 and www.kap.org.tr/tr/Bildirim/843756 links on the Public Disclosure Platform website (www.kap.org.tr).

The non-mandatory Corporate Governance principles - which are marked "partially" or "no" in the abovementioned Corporate Governance Principles Compliance Report (URF) published on the Public disclosure Platform - that Mavi has yet to implement are indicated below, along with relative explanations. Mavi has no conflict of interest arising from not having achieved full compliance with these principles.

Article 1.3.10. Donations made by the Company were disclosed in a separate agenda item in the General Assembly Meeting as an overall figure without the details of the beneficiaries of such donations.

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 3.1.3. Policies such as Dividend Distribution, Disclosure, Remuneration, Compensation, Code of Conduct that address stakeholders' rights are published on the company's website, other procedures are published via the internal disclosure platform Mavi İletişim.

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. While Board members are required to pay 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 each General Assembly, the curricula vitae of the Board members and their duties external to the Company are submitted for the attention of shareholders.

Article 4.5.5. Mavi has determined the number of its independent Board members at two. In so doing, the Company considered various factors such as the volume of its operations and its administrative needs. Currently, the Board has three committees. In respect of the principle requiring committee chairs to be independent members, it is necessary to delegate multiple committee chairs to the independent members. This does not give rise to any conflict of interest within the Company.

Article 4.6.1. A specific performance appraisal on Board level has not been conducted.

Article 4.6.5. The General Assembly determines remuneration rates payable to members of Mavi's 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.

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, 2019 to January 31, 2020, the Investor Relations Department attended 13 investor conferences and roadshows in Turkey and abroad, and held over 150 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 498 investors and analysts from 190 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 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, 2019 to January 31, 2020 were answered in accordance with the Company's Public Disclosure Policy and in line with publicly available information.

The Investor Relations Department submitted five 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 April 30, 2019 to review the special accounting period from February 1, 2018 to January 31, 2019 with 71.5% participation at "Sultan Selim Mahallesi, Eski Büyükdere Caddesi, No:53, 34418 Kağıthane-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. 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 Auditor's 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 review 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 April 20, 2019, the questions asked by the 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 of the General Assembly meeting 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 presented upon request.

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 April 30, 2019, the upper limit for donations to be made by the Company in the special accounting period of February 1, 2019 - January 31, 2020 was set at TL 500,000 and the donations and aid amounted to TL 402,441.82.

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, 2019 to January 31, 2020, 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, 2019 to January 31, 2020, 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.

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 stipulate 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 April 30, 2019 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 in which the respective 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 are 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, where applicable. Furthermore, to the extent any amendments to this dividend distribution policy are to be introduced, the Board resolution regarding such amendments are announced to the public with the reasons thereof.

2.6. Transfer of Shares

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

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 reports are adequately detailed 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. These are published on Mavi's corporate website, www.mavicompany.com.

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 at regular intervals via press conferences, press releases, annual reports, corporate website and 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 the stakeholders' rights are not regulated 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 discloses information to the public via press conferences, press releases and interviews, and the 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 concurrently while simultaneously posting 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 at any time via the Corporate Governance Committee, the Audit Committee and the Investor Relations Department or directly by email, surface mail 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 applies 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 as it strives to enhance these practices.

Employees:

Mavi embraces a management approach whereby the employees are actively involved in the company management. Mavi offers equal opportunities and engagement opportunities to all of its employees in line with its objective of creating a workplace environment in which each employee feel respected and valued. Employee engagement and suggestion systems are an integral part of management philosophy at Mavi. To instill a culture of participative engagement "Encouraging Employee Engagement Policy" has been issued.

Information sharing and communication are included among the pillars of the participative management approach of Mavi. Comprehensive employee engagement meetings are held on a monthly, annual and seasonal basis in order to instill and implement this approach throughout the company.

- **GoMavi:** This refers to the work/project groups that consist of a multidisciplinary team with members from all functions within the company including mid and senior managers in line with the GoMavi culture which is intended to achieve continuous progression and improvement at Mavi. These work groups convene at the GoForward meeting held at the beginning of each year to determine Mavi's priorities and goals. Outside experts are also invited to attend this meeting. As part of this process in which all employees contribute to the goal setting process of Mavi, the work groups work in a coordinated manner to achieve the goals throughout the year through teamwork.
- **MassMavi Meetings:** Meetings participated by all head office employees at which the departments share their monthly business plans with each other.
- **Management Forum Meetings:** Comprehensive biannual meetings participated by all head office employees and held to assess the company's mid-year results.
- **Marketing Direction Meetings:** Seasonal meetings held to assess the brand's strategies and priorities together with customer, market, product and competition analyses and share the relevant information with management teams, including the sales and category departments in particular.
- **Field Strategy and Goal Meetings:** Outdoor meetings that last for three days for store managers and two days for assistant store managers. With the presentations given by directors about the company's strategies, it is ensured that common goals are set and a common culture is created across Mavi.
- **GoSeason Meetings:** Store Managers are provided with training about collection and product details on a biannual basis. During these training programs, information is given by the category managers about the key products of the season and the feedback is received from the store managers.
- **Occupational Health and Safety Board Meetings:** Mavi Occupational Health and Safety Board, including employee representatives, plays a role in the implementation of the necessary occupational health and safety practices with special care. The Board regularly reviews OHS matters and practices, develops suggestions for improvement actions and wider acceptance of OHS practices across the company and manages the process for achieving full compliance with the applicable legislation.

Mavi has developed a suggestion system to learn about innovative ideas and to ensure that the employees actively participate in the decision-making mechanisms. All suggestions that are submitted through the suggestions/comments area at Maviletişim are collected and evaluated in a systematic manner. This way, we have created a platform by which the employees can freely express their ideas and utilize their expertise in their specific fields as well as their general experience and knowledge to come up with suggestions that could be beneficial for Mavi.

Mavi has formed the GoWellness (Corporate Welfare) work group to create a happy and healthy workplace environment for its employees and carry out various activities aimed at increasing employee loyalty and motivation. This work group, a subgroup of GoTalent which is one of the GoForward work groups, develops and implements projects based on the suggestions from the employees in order to create a happier and healthier workplace environment and help the employees to achieve a balance between their business and private lives and manage time and stress more effectively.

Franchisees:

Mavi holds quarterly meetings with its domestic and foreign franchisees to present the Company's strategy and targets as well as collections. The franchisees are also briefed on current developments and their opinions are received in person while suggestions are considered.

Suppliers:

Mavi works with approximately 130 direct and indirect suppliers that form a key part of the supply chain. There are various practices in place to enhance the Company's cooperation with its suppliers, including supplier trainings, audits and visits where general information on the Company's vision, strategy, business targets and future actions are explained, and Mavi's expectations of suppliers with respect to corporate responsibility and occupational health and safety are communicated.

Customers:

One of Mavi's top priorities is the 'Happiest Mavi Customers' approach, focused on continuously delivering ultimate customer satisfaction. To spread this approach across its operations, Mavi established a special project group, GoCustomer, to channel the synergies of Marketing, HR, Sales and Training department employees into this endeavor. This group carries out activities through the year to ensure that Mavi customers enjoy superior product and service quality and excellent shopping experiences.

Mavi customers can contact Mavi by telephone, email, and social media or through Mavi stores to communicate their opinions and suggestions on the Company's products and services or their thoughts and feelings about Mavi. In November 2019, the Company decided to outsource its call center operations, which were previously in-house, to Global Bilgi. In this new set-up, the customer relations team at the head office manages the back office while Global Bilgi formed a dedicated team of 18 for Mavi at its Bursa location. The new structure, which integrates call center processes across stores and e-commerce, is capable of responding to Mavi customers from 8 am to 12 am seven days a week.

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. Furthermore, services of a third-party firm are procured 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

For Mavi, ensuring that its human resource, its most valuable asset, functions in the most efficient and productive manner possible, monitoring motivation and job satisfaction in terms of remuneration and morale, and producing relevant policies and measures are key Human Resources (HR) targets. Mavi established its Human Resources Policy with the aim of becoming the most preferred 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 departments, all of which operate under the supervision of the Global Human Resources Department. Also, there exists the GoWellness working group responsible for employee relations and works to develop and carry out projects suggested by the employees along with the employee representatives who work to achieve employee engagement in health and safety issues.

HR policies and practices are implemented 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.

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 Maviletisim, 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 2019.

4.4. Code of Conduct and Social Responsibility

Mavi communicates its understanding of ethics under the Code of Conduct, 'Mavi's People and Its Principles,' 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 activities 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 Araştırmalar Derneği, EKAD) efforts to preserve sea turtles facing extinction since 2014 through the Indigo Turtles project,
- Granting annual scholarships to female students in a number that corresponds to the age of the Company. For the 2019-2020 academic year, 29 students received grants under the Mavi Scholarship project, which supports them through their university education.

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 workforce and financial resource requirements, and oversees 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, 2019 to January 31, 2020, no circumstances that would impair the independence of the independent members occurred.

In the special accounting period from February 1, 2019 to January 31, 2020, only one female member 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, 2019 to January 31, 2020 under the section 'Board of Directors' and 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 experience and industry expertise, 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 six members whose positions are detailed below.

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	-

Name	Position	Other Positions Within the Group and Name of the Relevant Company	Positions External to the Group and Name of the Relevant Company
Seymur Tarı	Board member Non-executive	-	CEO - Turk Ventures Adv Ltd., Istanbul Board Member at: 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, MNG Kargo A.Ş.
Fatma Elif Akarlılar	Board member Executive Chief Brand Officer	Supervisory Board Member - Mavi Germany	-
Ahmet Cüneyt Yavuz	Board member Executive CEO	Supervisory Board Member - Mavi Germany	-
Ahmet F. Ashaboğlu	Independent director Non-executive	-	CFO - Koç Holding Board member - several Koç Group companies
Nevzat Aydın	Independent director Non-executive	-	Board member & CEO - Yemeksepeti Advisory Board member - Allianz Board Member - Endeavor, TOBB Young Entrepreneurs, American Turkish Society; Member of Board of Trustees, Boğaziçi University Founding Member, Galata Business Angels; WTech Women in Technology

5.2. Board of Directors' Operating Principles

Board meeting agendas are determined upon the notification by the relevant departments 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 February 1, 2019 to January 31, 2020, the Board of Directors passed 66 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 the absolute 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 by email. The Board has appointed a Secretary to ensure all Board responsibilities are fulfilled and resolutions are implemented.

Minutes of the Board meetings are recorded to include all questions raised, all matters discussed, and all resolutions passed, with the reasoning for the voting outcomes. No votes were cast against Board resolutions within the reporting period.

in the special accounting period of February 1, 2019 - January 2020 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 \$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 Identification 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 April 30, 2019 and disclosed the resolution on the Public Disclosure Platform (PDP).

The Company did not form a Nomination Committee or a Remuneration in the special accounting period of February 1, 2019 - January 31, 2020, 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	Head	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 ten resolutions in the special accounting period of February 1, 2019 - January 31, 2020, collectively expressing its observations on the accuracy, correctness and compliance of the annual and interim financial tables prepared for public disclosure with the Company's accounting principles, observations on the accuracy and correctness of Annual Report and Corporate Governance Compliance forms (KYUR and URF), quarterly evaluations regarding the related party transactions of the company.

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	Head	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 the special accounting period of February 1, 2019 - January 31, 2020, 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 Identification of Risks Committee

Name	Title on the Committee	Independent/Non-executive
Ahmet F. Ashaboğlu	Head	Independent, non-executive
Ragıp Ersin Akarlılar	Member	Independent, non-executive
Biçe İşcan Aksaray	Member	-

The Early Identification 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 Identification of Risks Committee convenes at least six times a year. In the special accounting period of February 1, 2019 - January 31, 2020, the Committee submitted six written reports to the Board of Directors, with four on enterprise risk management that involves detection of risks and determining the steps and actions to avoid or mitigate risks, and two on the efficacy of the risk control mechanisms in place.

5.4. Risk Management and Internal Control Mechanism

Mavi has established an Early Identification 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 at each meeting of the Board, and the Company forwards these reports to the 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 Communiqué on Information Systems Management, which entered into force on 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 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 oversees the management's performance. Accordingly, 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 suite 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 year-end 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

The Company's Remuneration Policy, which contains provisions for 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, was updated and published on the Public Disclosure Platform on April 26, 2019 and made available on the corporate website.

Determining the remuneration for non-executive board members for 2020 will constitute a separate agenda item at the ordinary general assembly meeting to review the special accounting period of February 1, 2019 - January 31, 2020. Remuneration of independent members of the Board does not involve dividends, stock options or performance-based payment plans.

The aggregate of financial benefits paid to Board members in the special accounting period of February 1, 2019 - January 31, 2020, the general manager and the executives reporting directly to him amounted to TL 55 million 895 thousand 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 the special accounting period of February 1, 2019 - January 31, 2020, independent Board members Nevzat Aydın and Ahmet F. Ashaboğlu, and the Chairman of the Board of Directors, Ragıp Ersin Akarlılar were each paid TL 9,600.00 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 9,600.00 paid to independent Board members, Nevzat Aydın and Ahmet F. Ashaboğlu, and the Chairman of the Board of Directors, Ragıp Ersin Akarlılar to TL 11,000 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.