

# **INTERNAL DIRECTIVE ON THE PRINCIPLES AND PROCEDURES OF OPERATION OF THE SHAREHOLDERS' GENERAL ASSEMBLY OF MAVI GIYIM SANAYI VE TICARET ANONIM SirkETI**

## **CHAPTER ONE**

### **Purpose, Scope, Legal Basis and Definitions**

#### **Purpose and scope**

**ARTICLE 1-** (1) The objective of this Internal Directive is to set forth the principles and procedures for operation of the Shareholders' Assembly of Mavi Giyim Sanayi ve Ticaret Anonim Sirketi (the "Company") in accordance with the provisions prescribed under the Turkish Commercial Code, the Capital Market Law, and the relevant applicable regulations, as well as the Articles of Association. The scope of this Internal Directive covers any and all ordinary and extraordinary Shareholders' General Assembly meetings of Mavi Giyim Sanayi ve Ticaret Anonim Sirketi.

#### **Legal Basis**

**ARTICLE 2-** (1) This Internal Directive has been drawn up by the Board of Directors in accordance with the provisions under the Regulation on the Principles and Procedures regarding the Shareholders' General Assembly Meetings of Incorporated Companies and the Commissioners of the Ministry of Customs and Trade, Who Are Required to Attend Such Meetings.

#### **Definitions**

**ARTICLE 3-** (1) The following terms mentioned hereunder shall have the following meanings;

- a) Sitting: shall mean a meeting for one day of the Shareholders' General Assembly;
  - c) Session: shall mean each of the sections between any two recreational, lunch or the like breaks of each sitting;
  - ç) Meeting: shall mean the Shareholders' Ordinary and Extraordinary General Assembly Meetings;
  - d) Council of Meeting: shall mean the council, comprising of the Chairman as elected by the Shareholders' General Assembly in accordance with the first paragraph of Section 419 of the Turkish Commercial Code, the Deputy Chairman as elected by the Shareholders' General Assembly where necessary, the Clerk to be appointed by the Chairman and, the vote collector, if and when deemed necessary by the Chairman;
  - e) CRA: shall mean the Central Registration Agency;
  - f) EKGS: shall mean the Electronic System for Shareholders' General Assembly Meetings
- .

## **CHAPTER TWO**

### **Principles and Procedures Regarding Operation of the Shareholders' General Assembly**

#### **Applicable provisions**

**ARTICLE 4** – (1) The meetings shall be held in accordance with the provisions governing the Shareholders' General Assembly meetings as prescribed under the Turkish Commercial Code, the Capital Market Law, and the relevant applicable regulations, as well as the articles of association.

#### **Access to the venue and preparatory activities**

**ARTICLE 5** – (1) The meeting venue may be accessed by (i) the shareholders or their agents registered in the list of attendees as drawn up by the Board of Directors in accordance with the list of shareholders issued by the CRA, (ii) the members of the Board of Directors, (iii) the Auditor(s), (iv) the Representative from the Ministry of Customs and Trade, (v) the Representative from the Capital Markets Board if and when it is decided to appoint an observer by the Capital Markets Board, (vi) the persons to be elected or assigned in the Council of Meeting, (vii) the persons nominated to hold office as a member of the Board of Directors, (viii) the executives and employees of the Company, as well as any third person providing service to the Company, who might be required to make statements regarding the items on the agenda and/or who might be consulted to deliver an opinion during the meeting or who might provide services, (ix) the persons to be assigned to use the EKGS, as well as the officials from the CRA if and when so required, (x) audio/video recording technicians, (xi) the press members, (xii) the guests as invited by the management of the Company, and (xiii) the other beneficiaries if and when deemed appropriate by the Chairman of the Council.

(2) While accessing the venue, any real person shareholder and the representatives designated by means of the EKGS, established as per Section 1527 of the Code, shall present her/his identity cards, and any representative of any real person shareholder shall present her/his identity card together with the respective documentation for representation purposes, and any representative of any legal person shareholder shall present her/his power of attorney, and all of such persons shall affix their signatures on the respective field as shown for them on the list of attendees. The above-mentioned checking actions shall be performed by the person(s) to be designated by the Board of Directors. The list of attendees shall be signed by the Chairman of the Board of Directors, and any of the members of the Board of Directors in case the Chairman of the Board of Directors is not present at the meeting.

(3) Any and all duties regarding selection and arrangement of a meeting hall to be sufficient to embrace the shareholders who will attend the meeting physically, and to be equipped with the technical infrastructure as required by the EKGS, as well as making

available of any and all stationery supplies, documents and equipment, to be needed during the meeting, at the meeting venue, shall be performed by the Board of Directors through the agency of the persons assigned by the Board of Directors.

(4) The meeting may be recorded audibly and visually to the extent that the provisions on the EKGS as prescribed under the related applicable regulations are reserved and that the attendees are informed thereof. If and when deemed necessary, simultaneous interpretation services may be outsourced for the need of simultaneous interpretation in English to arise during the discussions at the Shareholders' General Assembly meetings.

### **Opening of the Meeting**

**ARTICLE 6** – (1) The meeting shall be opened at the location, where the principal office of the Company is situated, or at an appropriate location of the province/city where the principal office of the Company is situated, or in any province/city if and when so decided by the Board of Directors, at the time and on the date, which were announced in advance, either by the Chairman or the Deputy Chairman or any member of the Board of Directors upon determination of the fact that the quorums, prescribed under the Articles of Association of the Company, have been met by proving such fact by means of an official record for such purpose

### **Composition of the council of meeting**

**ARTICLE 7-** (1) Under the chair of the person to open the meeting as per the provisions of Article 6 hereunder; at first, a Chairman, who shall be in charge of chairing the Shareholders' General Assembly meeting and will not necessarily be required to be a shareholder, and also a Deputy Chairman, if deemed required, shall be elected amongst the proposed nominees.

(2) The chairman so elected shall designate minimum a clerk and vote collectors at an adequate number. The Chairman of the Council shall assign experts for fulfillment of the technical processes with respect to the EKGS during the meeting.

(3) The Council of Meeting shall be empowered to sign the minutes of meeting as well as the other documents underlying such minutes.

(4) The Chairman of the Council shall act in accordance with the provisions prescribed under the Turkish Commercial Code, the Capital Market Law, the related applicable regulations, the Articles of Association, and hereunder while chairing the meeting.

### **Duties and powers of the council of meeting**

**ARTICLE 8** – (1) The Council of Meeting shall, under the chair of the Chairman, fulfill the following duties:

a) To examine whether or not the meeting is held at the address as designated by the notice and, in the cases where the Articles of Association contains provisions on the matter, whether the venue of meeting is in compliance with such provisions;

- b) To check that whether the Shareholders' General Assembly has been invited to the meeting by means of the announcement posted in the manner as set forth under the Articles of Association, on the website of the Company, on the Trade Registry Gazette of Turkey, on the Public Disclosure Platform, and at the other locations set forth under the Capital Market Law, or not, and that whether such call has been made minimum three weeks before the date of the meeting, except for the days of announcement and the meeting, or not, and that whether the respective Capital Markets regulations have been observed with respect thereto, or not, and to record such details into the minutes of the meeting, and also to check that whether the Trade Registry Gazette of Turkey and the other locations, where the date, agenda and announcement of the meeting has been posted or will be posted, has been advised to the shareholders registered in the share ledger, who hold non-listed shares, and to the shareholders, who have given their address details upon providing the documents supporting their position as the share or share certificate holder to the Company, or not, and to record such details into the minutes of the meeting;
- c) To check that whether any person, who is not authorized to access, has accessed the venue, and also that whether the duties related to access to the venue as provided by the second paragraph of Article 5 hereof have been duly fulfilled by the persons designated by the Board of Director;
- d) To determine that whether the amended Articles of Association, if amended, the share ledger, the annual report by the Board of Directors, the auditors' reports, the financial statements, the meeting agenda, the draft amendment by the Board of Directors to the articles of association in the cases, where the meeting agenda contains an item regarding any such amendment, the letter of authorization obtained from the Ministry of Customs and Trade and the draft amendment attached therewith together with the statement of conformity by the Capital Markets Board and the other Institutions, if and when so required, the list of attendees as issued by the Board of Directors and the minutes of adjournment related to the previous meeting in the cases where the Shareholder' General Assembly meeting has been summoned for an adjourned meeting as well as any other required document and paper related to the meeting are completely present and available at the venue; and to document such matters on the minutes of the meeting;
- e) To check the ID credentials of the attendees, who attend the Shareholders' General Assembly meeting either in principal or by proxy through signing the list of attendees, upon any objections raised or where it is so deemed necessary, and to so verify the authenticity of the powers of attorney submitted;
- f) To determine whether or not the managing director(s), if any, and minimum one member of the Board of Directors and the auditors are present; and to document such matters as a part of the minutes of the meeting;
- g) To administer the activities of the Shareholders' General Assembly meeting in accordance with the designated agenda, and to ensure the extent of the discussions not

to exceed the scope of the agenda except for the cases provided under the Turkish Commercial Code and the Capital Market Law, and also to ensure the order of the meeting and to take the necessary measures to that end;

ğ) To open and close the sittings and the sessions, and also to close the meeting;

h) To read the resolutions, drafts, minutes, reports, proposals and the like documents in respect of the matters discussed, or to cause the foregoing be read to the Shareholders' General Assembly, and also to recognize those, who seek the floor on such matters;

ı) To have voting performed in respect of the matters to be resolved by the Shareholders' General Assembly, and also to communicate the results of such voting;

ı) To observe that whether the quorum has been met at the opening of, and maintained during and at the end of the meeting, and also that whether the resolutions are adopted in accordance with the requirements with respect to the quorums as specified under the Articles of Association;

j) To disclose the statements by the representatives as prescribed under Section 429 of the Code to the Shareholders' General Assembly;

k) To ensure that those, who are deprived of the right to vote under the provisions of Section 436 of the Code, and sections 17, 26 and 29 of the Capital Market Law, do not vote for the resolutions as provided under the said section, and also to observe any restrictions applicable to the voting rights and casting of preferential votes under the Turkish Commercial Code and the Capital Market Law, as well as the Articles of Association;

l) To postpone the discussion of the financial statements and of the related matters to be discussed during a further meeting to be held one month later without the need for resolution by the Shareholders' General Assembly on the matter upon the request of the shareholders, representing one twentieth of the share capital;

m) To cause the minutes regarding the operations of the Shareholders' General Assembly, to enter any objections raised into such minutes, to undersign the resolutions and the minutes, and to state any and all votes in favor and against any discussed matter cast for the adoption of any resolution in no uncertain terms.

n) To deliver the minutes of the meeting, the annual report by the Board of Directors, the auditors' reports, the financial statements, the list of attendees, the meeting agenda, the propositions, the vote ballot papers for and the minutes of the elections, if applicable, and any and all documents related to the meeting to a member of the Board of Directors present along with a formal record upon the closure of the meeting.

#### **Actions to be taken before the opening of discussions**

**ARTICLE 9** – (1) The Chairman of the Council shall read the meeting agenda, or cause it to be read to the Shareholders' General Assembly. The chairman shall inquire that whether any attendee seeks to propose any change to the order of discussion of the agenda items, which matter shall, if any, be submitted to the Shareholders' General

Assembly for approval. The order of discussion of the agenda items may be changed by a resolution to be adopted with the votes in favor of the majority of the attendees.

### **Agenda and discussions**

**ARTICLE 10** – (1) The following items should strictly be included in the designated agenda for any shareholders' ordinary general assembly meeting:

- a) Opening and election of the Council of Meeting;
- b) Reading, discussing and approval of the Annual Report as drawn up by the Board of Directors of the Company;
- c) Reading of the Summarized Independent Auditor's Report in relation to the respective accounting period;
- d) Reading, discussing and approval of the Financial Statements in relation to the respective accounting period;
- e) Release and discharge of the members of the Board of Directors on individual basis;
- g) Election of the new members of the Board of Directors, and determination of the term of office thereof;
- h) Provision of information to the shareholders regarding the Remuneration Policy, setting out the principles applicable for remuneration of the Members of the Board of Directors and the Executives with Administrative Responsibilities, as well as the payments made thereunder, as per the regulations promulgated by the Capital Markets Board;
- d) Determination of the remuneration payable to the members of the Board of Directors, as well as the rights and benefits to be granted to the members of the Board of Directors, such as attendance fee, bonus and premium;
- i) Election of the auditor;
- j) Determination of the fashion of making use of the profits, distribution thereof, the ratio of dividends, as well as the date of distribution of the profits;
- k) Provision of information to the shareholders about the donations made throughout the respective accounting period, and determination of the upper limit for donations to be made in the following accounting period;
- l) Provision of information to the shareholders about the guarantees, pledges, mortgages and sureties, provided in favor of any third party within the respective accounting period, as well as the revenues or interests obtained therefrom, as per the regulations by the Capital Market Board;
- m) Discussion of any proposed amendment to the Articles of Association, if any;
- n) Any other matter deemed necessary.

(2) The agenda of any Shareholders' Extraordinary General Assembly meeting shall comprise of the matters, laying the rationale for the meeting.

(3) Any matter not included in the meeting agenda may not be discussed and resolved during the shareholders' general assembly meetings except for the following cases:

- a) Any further matter may be incorporated to the agenda, unanimously, in the event that all shareholders are present at the meeting.

b) As per the provisions prescribed under Section 438 of the Code, any request for a special audit filed by any shareholder shall be resolved by the shareholders' general assembly without regards to whether or not the matter is listed as per the meeting agenda.

c) Dismissal of the members of the Board of Directors, and election of new members for the seats of such dismissed members shall be considered to be related to the agenda item with respect to the discussion of the year-end financial statements, and any such matter shall be discussed and resolved upon request without regards to whether or not such matters are actually listed as per the meeting agenda.

ç) Even in the absence of any such item on the agenda, dismissal of the members of the Board of Directors and election of new members for the seats of such dismissed members shall be incorporated to the agenda upon the majority of the shareholders present at the Shareholders' General Assembly meeting, in case of existence of any just reason such as corruption, inadequacy, breach of the obligation of loyalty, difficulties in the fulfillment of assigned duties due to affiliation to multiple entities, discord and fraud on powers.

(4) Any agenda item, which has already been discussed and resolved by the Shareholders' General Assembly, may not be opened for further discussion and so resolved again without the unanimity of the shareholders present at the meeting.

(5) Any matter so required by the Ministry of Customs and Trade to be discussed at the Shareholders' General Assembly meeting of the Company as a consequence of the audits conducted or for any reason shall be incorporated to the meeting agenda as appropriate.

(6) Any and all matters requested, in writing, by the Capital Markets Board to be discussed and announced to the shareholders are required to be incorporated into the agenda of the Shareholders' General Assembly meeting.

(7) The agenda shall be determined by the party or person, which or who calls/invites the Shareholders' General Assembly for meeting.

### **Taking the floor**

**ARTICLE 11** – (1) Any shareholder or other person, who seeks to take the floor with respect to an agenda item being discussed, shall notify the Council of Meeting of the respective matter. The Council shall, thereupon, declare the persons, who shall take the floor, to the Shareholders' General Assembly, and grant the floor to such persons in the order of priority on the basis of the order of application. Any person, who is granted the floor, shall forfeit her/his right to address the shareholders' general assembly if s/he is absent at the time her/his turn has come save for the regulations on the EKGS. The speeches shall be given to address the Shareholders' General Assembly at the spot designated for such purpose. The persons may change the order of their speeches subject to provision of information to, and obtainment of approval by the Chairman of the Meeting. In the cases where each person is granted with a limited period of time on

the floor; then any person, who takes the floor for the entire period granted thereto, may continue her/his speech only if the person, who is to address thereafter, agrees to grant her/his designated time to the preceding one, and on the condition that s/he completes her/his addressing within the period of time allocated for the latter. The limited time of addressing may not be extended in any other fashion whatsoever.

(2) The Chairman of the Council may recognize any member of the Board of Directors or any auditor, who seeks word on the matters being discussed, without regards to the order of priority.

(3) The addressing periods shall be determined by the shareholders' general assembly with due consideration with respect to the business of the agenda, the number of the matters to be discussed and the number of the persons, seeking the floor, upon the proposal of the Chairman of the Council or the shareholders. In that case, the Shareholders' General Assembly shall resolve each matter regarding whether or not the addressing periods should be extended and, if it resolves that such period should be extended, the amount of the extended period of addressing through individual voting, separately.

(4) The communication of considerations and proposals by the shareholders or the respective representatives thereof, who attend the Shareholders' General Assembly meeting electronically under the provisions of Section 1527 of the Code, shall be governed by the principles and the procedures set forth on the matter by the said section and any subsidiary provisions.

### **Voting and procedure for voting**

**ARTICLE 12** – (1) The Chairman of the Council shall disclose and declare the matter, to be put to vote, to the Shareholders' General Assembly prior to the initiation of voting. In the cases where the subject matter of the voting is any draft resolution, then such draft resolution shall be documented in writing, and be so read to the shareholders' general assembly before the voting. Once the initiation of the voting is declared, the floor may be sought only in respect of the procedure. Any shareholder, who has sought but not been granted the floor, shall take the floor if s/he reminds the council of the situation and the matter is confirmed by the Chairman. The floor to address the shareholders' general assembly shall not be granted to any person once the voting process is initiated.

(2) The votes on the matters being discussed shall be cast by raising hands, standing up or through the statements "agreed" or "disagreed" to be spoken out, individually. The votes so cast shall, then, be counted by the Council of Meeting. The Council of Meeting may, where necessary, designate adequate number of persons to assist thereto in the counting of the votes. Any person, who does not raise his/her hand, does not stand up or make any statement whatsoever on the matter during voting, shall be considered to have cast dissenting vote, which shall be deemed to have been against the proposed resolution for the purpose of counting of the votes.



(3) Casting of votes by the shareholders or the respective representatives thereof, who have attended the Shareholders' General Assembly meeting electronically under the provisions of Section 1527 of the Code, shall be governed by the principles and the procedures set forth on the matter by the said section and any subsidiary provision.

#### **Issuance of the minutes of meeting**

**ARTICLE 13** – (1) The Chairman of the Council shall sign the list of attendees, indicating the attending shareholders or the representatives thereof and the shares held thereby as well as the groups, amounts and the nominal values of such shares; and the minutes of the meeting shall be ensured to be issued in accordance with the applicable provisions of the Turkish Commercial Code and the related applicable regulations in a manner that they clearly include and denote the questions addressed and the responses given throughout the Shareholders' General Assembly meeting in summarized form as well as the resolutions adopted and the numbers of votes in favor and against each of such resolutions.

(2) The minutes of any shareholders' general assembly meeting shall be issued at the meeting venue by means of computers, or be written manually and legibly by ink pen. Issuance of the minutes by means of a computer strictly requires the availability of a printer, which would enable the issued minutes to be printed out.

(3) The minutes shall be issued in minimum two (duplicate) copies, and each page of the minutes shall be signed by the Council of Meeting and the representative of the Ministry of Customs and Trade.

(4) The trade name of the Company, date and venue of the meeting, the total nominal value of and the number of the shares of the Company's capital, the total number of the shares represented in person and by proxy at the meeting, and the full name of and the number and date of issue of the letter of commissioning for the representative of the Ministry of Customs and Trade, and also the form of the call should strictly be mentioned on the minutes of any meeting.

(5) The number of the votes cast with respect to a resolution adopted during the meeting should be indicated most legibly and with no uncertain terms both in figures and in letters as per the minutes.

(6) The full names of the persons, who might have cast dissenting votes with respect to the resolutions adopted at any meeting, and who seek to have such dissenting positions thereof recorded into the minutes, as well as the rationale for such dissenting positions shall be duly inserted to the minutes.

(7) In case the rationale for dissenting position is submitted in writing, such letter shall be attached to the minutes. In that case, the full name of the shareholder, who might have taken a dissenting position, or the representative thereof shall be indicated on the minutes, and it shall, therein, be further stated that the letter regarding the rationale of such dissenting position is attached therewith. Any letter of dissenting position so

attached to the minutes shall be signed by the Council of Meeting and the representative of the Ministry of Customs and Trade.

#### **Actions to be taken before closure**

**ARTICLE 14-** (1) The Chairman of the Council shall, before closure, deliver a copy of the minutes of meeting as well as any and all other documents related to the Shareholders' General Assembly Meeting to one of the members of the Board of Directors, who are present at the meeting. Such delivery shall be documented in the form of a separate formal record to be issued between the parties.

(2) Save for the longer periods prescribed under the related applicable regulations in relation to the special processes; the Board of Directors shall be obliged to submit a notarized copy of the minutes to the trade registry office, and to have any matters as per such minutes, which should be registered and announced, duly registered and announced as appropriate within a period of fifteen days, at the latest, following the date of meeting.

(3) Minutes of the meeting shall be posted immediately on the website of the Company, the Public Disclosure Platform and the EKGS.

(4) The Chairman of the Council shall deliver a copy of each of the list of attendees, the meeting agenda and the minutes of the Shareholders' General Assembly meeting to the representative of the Ministry of Customs and Trade.

#### **Attendance through electronic means**

**ARTICLE 15-** (1) The actions, to be taken by the Board of Directors and the Council of Meeting in relation to attendance through electronic means to Shareholders' General Assembly meetings as per Section 1527 of the Code, shall be taken with due consideration of Section 1527 of the Code and the related applicable regulations.

### **CHAPTER THREE**

#### **Miscellaneous Provisions**

#### **Attendance by the representative of the Ministry of Customs and Trade, and documents related to the shareholders' general assembly meeting**

**ARTICLE 16 –** (1) The provisions prescribed under the Regulation on the Principles and Procedures Regarding the Shareholders' General Assembly Meetings of Incorporated Companies, and the Representatives of the Ministry of Customs and Trade Who Are Required to Attend such Meetings regarding the applications for the appointment of the representative of the Ministry of Customs and Trade, as well as the duties and powers thereof are reserved hereby.

(2) The representation documents to be used at the Shareholders' General Assembly meeting, and the provisions under the Regulation as specified in the first paragraph, the arrangements under the Capital Markets Regulations, as well as the provisions

hereunder shall be required to be observed in drawing up of the list of attendees and the persons who might attend the Shareholders' General Assembly meeting, and the minutes of the meeting.

**Matters and cases not provided hereunder**

**ARTICLE 17** – (1) In case of any circumstance at any meeting, which is not governed by or prescribed hereunder, then action shall be taken as per the resolution to be adopted by the Shareholders' General Assembly to that end.

**Adoption of and amendments to the Internal Directive**

**ARTICLE 18** – (1) This Internal Directive shall be brought into effect, registered and announced by the Board of Directors upon the approval to be granted by the Shareholders' General Assembly of the Company. Any amendment hereto shall be governed by the same procedure.

**Effect**

**ARTICLE 19** – (1) This Internal Directive was adopted at the Shareholders' Ordinary General Assembly Meeting of the Company, held on May 2, 2018 for the special accounting period between February 1, 2017 - January 31, 2018, and shall enter into effect upon having been announced on the Trade Registry Gazette of Turkey.