



PRINCIPLES OF OPERATION OF THE EARLY IDENTIFICATION OF RISKS COMMITTEE

Article 1: Scope and Legal Basis

These principles of operation ("**Principles of Operation**") set forth the scope of duty and principles of operation applicable to the Early Identifications Risk Committee (the "**Committee**") of the Board of Directors of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi (the "**Company**").

The Committee has been established pursuant to the resolution of the Company's Board of Directors (the "**Board of Directors**") in accordance with the relevant provisions of the Capital Markets Law No. 6362, the Turkish Commercial Code No. 6201 (the "**TCC**"), and the regulations of the Capital Markets Board of the Prime Ministry of the Republic of Turkey (the "**CMB**"), including the "Corporate Governance **Communiqué** No. II-17.1 (the "**Communiqué**") and the Corporate Governance Principles attached thereto (the "**CGP**"), and the Articles of Association of the Company (the "**Articles of Association**").

Article 2: Purpose

The Committee assists the Board of Directors in identifying in a timely manner the risks which may jeopardize the existence, progress and continuation of the Company, implementing appropriate risk management strategies and establishing a committee of experts for risk management, and also performs other duties imposed on it under the applicable legislation.

The Committee is also responsible for the following:

- i. Identifying the existing and potential operational, strategical and other risks and making recommendations for the measures to be taken in connection with such risks;
- ii. Preparing proposals for the establishment of risk management systems and organizational structures within the Company, and development of systems aimed at increasing functionality; and
- iii. Proposing solutions in relation to the risks concerning the Board of Directors and the audit committee.

Article 3: Establishment and Members

The Committee shall consist of at least two members. In the event that the Committee consists of two members, both of them shall be elected from among the non-executive members of the Board of Directors, and in case the Committee consists of more than two members, the majority of the members shall be non-executive Board members.

The members of the Committee are annually appointed by the Board of Directors latest during the first Board of Directors meeting to be held following the Company's annual general assembly. The Board members who have completed their term of duty may be appointed to serve again. To the extent possible, members of the Committee are appointed from persons who do not have executive functions.

Persons specialized in fields such as accounting, finance, audit, law, management may be appointed to serve at the Committee.

The Board of Directors shall provide all kinds of resources and support necessary for the fulfilment of the Committee's duties. If it deems necessary, the Committee may invite the managers to its meetings and refer to their opinions.

If needed in relation to the Committee's activities, the Committee may refer the matters in question to independent consultants for their opinion. The costs of the consultancy services required by the Committee shall be paid by the Company.

Article 4: Meetings

The Committee shall convene as and when its duties necessitate, at the Company's headquarters or at such other location where the Committee members might be located.

The Committee shall convene and take decisions with the simple majority of its members. Provided to have unanimous vote, the members may also take decisions without holding a meeting.

All activities of the Committee shall be put in writing, their records shall be duly kept and the Committee shall report to the Board of Directors, which reporting shall be inclusive of the activities of the Committee and information on the results of the Committee meetings. The Committee shall promptly notify the Board in writing of its findings and recommendations that are related to the Committee's duties and responsibilities. The minutes of the Committee meetings shall be approved by the Committee members and shall be kept together with the Committee resolutions.

Article 5: Duties and Responsibilities

The Committee shall perform the following duties:

- Describing, evaluating and monitoring the existing and potential risk factors that might have an impact on the Company in reaching its goals within the corporate risk management systematics, determining the risk management principles in line with the Company's risk taking profile, and ensuring that such principles are observed in the decision making mechanisms;
- Identifying, in accordance with probability and impact calculation, the risks within the Company that are to be maintained, managed, shared or totally eliminated;
- Advising the Board of Directors in relation to the establishment of the internal control systems, including the risk management and information systems and processes that are aimed at minimizing the risks, which may have an impact on the interest holders of the Company, and in particular, the shareholders;
- Ensuring the integration of the risk management and internal control systems with the Company's corporate structure;
- Reviewing the risk management systems at least once annually, and ensuring that the departments in charge of risk management operate in accordance with the decisions taken by the Committee;
- Detection of technical bankruptcy in advance and ensuring the Board of Directors is warned in a timely manner, making recommendations for the measures to be taken;

- Evaluating the current situation in its reports to be submitted to the Board of Directors every two months, pointing out towards the hazards, if any, and proposed remedies, sending such reports to the auditor as well;
- Preparation and submission to the Board of Directors of annual evaluation reports, aimed at enabling the Board of Directors to evaluate the operation principles of the Committee (inclusive of the members, convening frequencies and activities of the Committee), which shall be referred to in the annual activity report.

The Committee shall operate within the scope of its authorities and responsibilities, and prepares and shall submit to the Board of Directors a report every two months, setting forth the evaluation of the current situation and the recommendations and proposals of the Committee. The reports that are submitted to the Board of Directors are also communicated to the auditor. The responsibility in relation to the taking of a decision is eventually carried by the Board of Directors.

Article 6: Amendments

Amendments to the Principles of Operation of the Committee of Timely Risk Identification are subject to the approval of the General Assembly.