

# **WORKING PRINCIPLES OF OTOKAR OTOMOTİV VE SAVUNMA SANAYİ A.Ş. RISK MANAGEMENT COMMITTEE**

## **1. ESTABLISHMENT**

Company's Board of Directors established the Risk Management Committee at the Board meeting of July 11, 2012, in line with the provisions of Turkish Commercial Code numbered 6102 and the Capital Markets Board Corporate Governance Principles. The role of the Risk Management Committee is defined as making recommendations to the Board on the risk management system designed to enable an early detection of the risks and their effective supervision and management.

## **2. PURPOSE**

The purpose of the Risk Assessment Committee is to receive and consider reports from Company management in order to review and evaluate current and potential strategic, operational, financial and legal risks to the Company which may impact its existence, development and continuity and to report on those risks to the Board, making recommendations as to preventive measures consistent with the Company's corporate risk profile.

## **3. DUTIES AND RESPONSIBILITIES**

The duties of the Risk Management Committee are as follows:

- Reviewing, once a year at least, the efficacy of the Enterprise Risk Management (ERM) system which determines the Company's risk management principles in line with the Company's risk profile by identification of significant existing and potential risks impacting the Company,
- Making recommendations based on;
  - Evaluation of the risk reports prepared as per the risk measurement criteria as determined.
  - Evaluation of the internal risk management control systems and processes,
  - Evaluation of the Company's technical bankruptcy risk within the scope of the Turkish Commercial Code, based on the audited financial reports approved by the Audit Committee and the Board and if need be, making recommendations on necessary measures,
  - Performing such other duties as are required by the Capital Markets Board regulations and the Turkish Commercial Code.

The Committee must submit its evaluation and recommendations to the Board verbally or in writing.

## **4. THE COMMITTEE STRUCTURE AND MEMBERSHIP CRITERIA**

- The Risk Management Committee is comprised of at least two members. The Chairman of the Committee shall be elected from amongst the independent Board Members. The CEO/General Manager cannot be a member of the Committee.
- If the Committee is comprised of two members, then both members shall be elected from amongst the non-executive members of the Board of Directors. If the Committee is comprised of more than two members, the majority of members shall be elected from amongst the non-executive members of the Board of Directors. If deemed necessary, persons that are not members of the Board of Directors but are experts in their fields may be elected to the Committee.
- The Board of Directors elects the members of the Risk Management Committee following the election of the new Board of Directors itself, at the ordinary meeting of the general assembly, in parallel with the term of office of the relevant Board. The members of the previous Committee shall remain in office until new Committee members are elected.
- All of the resources and support necessary to the Committee are provided by the Board of Directors. The Committee may invite any manager it deems necessary to its meetings and request his/her opinions.
- The Committee may obtain guidance from independent experts on the subjects requiring extra diligence. The fee for such consultancy services will be paid for by the Company.

## **5. SUB-COMMITTEES**

The Risk Management Committee can establish sub-committees consisting of members elected from among its own members and/or from among third persons having experience in risk management.

## **6. MEETINGS**

- The frequency of the Committee meetings depends on the task assigned to it.
- The decisions of the Committee are advisory to the Board and the Board's decision on the subject matter shall be final.
- The Committee shall ensure that the Board is informed on matters that are within its scope of authority and responsibility.
- The meeting and decision quorum is the absolute majority of the total number of members.
- The Committee can meet physically or via electronic means (such as through conference calls or electronic portals) without the physical attendance of all

members. The physical meetings can be held at the Company's headquarters or another location that is easy to access for the members. The minutes for both physical meetings and on-line meetings shall be signed by the Committee Members. Furthermore, Committee resolutions can be taken by circulation of resolutions among Committee members. In that case, the resolutions signed by all Committee members as one or several counterparts shall be valid.

## **7. REPORTING PROCEDURES**

- The resolutions of the Committee are kept in a resolution register.
- At least followings have to be placed in the minutes of meeting:
  - o The date of the meeting
  - o Information on the agenda of the meeting
  - o Resolutions
- Resolutions required by the Committee are submitted to the Board of Directors.
- The secretariat of the board of directors is responsible for preparing and keeping the reports. Meeting minutes are submitted for the convenience of the Committee members and archived.

## **8. EFFECTIVENESS**

The working principles of the Risk Management Committee have been approved by the Board resolution of July 11, 2012 and amended with the Board Resolutions of April 1, 2019 and April 25, 2022. The Board of Directors can revise and update the working principles as necessary.