

# **RULES OF PROCEDURES FOR THE EARLY RISK IDENTIFICATION AND RISK MANAGEMENT COMMITTEE OF EMLAK KONUT REAL ESTATE INVESTMENT INCORPORATED COMPANY**

## **1. ESTABLISHMENT**

Served as the Corporate Governance Committee Early Risk Identification Committee pursuant to the “Communication on Identification and Implementation of Corporate Governance” of the Capital Markets Board numbered Serial: IV No: 56, with the decision of Board of Directors of our Company dated 04/30/2012 and numbered 053.

This time pursuant to the “*Communication on Amendment to the Communication on Identification and Implementation of Corporate Governance (Serial: IV No: 56)*”, in accordance with art.378 of Turkish Commercial Code numbered 6102, **The Early Risk Identification and Risk Management Committee** was established.

## **2. PURPOSE**

It is to make proposals and recommendations to our Board of Directors on the issues of early identification of strategic, operational, financial and other risks that would endanger the presence, development and maintenance of the Company, calculation of their effects and probabilities, management of these risks in accordance with corporate risk taking profile of the Company, their reporting, implementation of necessary measures with regard to identified risks, taking them into consideration within decision mechanisms and establishment and integration of internal and external control systems.

## **3. DUTIES AND RESPONSIBILITIES**

The duties of The Early Risk Identification and Risk Management Committee;

- Undertaking operations towards identification of possible risk elements that may affect reaching the activities and goals of the Company, identification of the efforts for their early detection and identification of principles for management of these risks.
- Reviewing the risk management system at least once a year.
- Ensuring the identification of duties and responsibilities of the internal control system for early risk identification.
- Preparing reports for the Board of Directors about both works carried for early risk identification and management of current risks and their possible outcomes.

- Fulfilling other duties which has been given/will be given to the committee concerning regulations of Capital Markets Board (SPK) and Turkish Commercial Code.
- Examining important complaints received by the partnership on management; ensures their closure and ensures the submission of the notifications of the employees on this issue to the management within the principle of confidentiality.

#### **4. STRUCTURE OF THE COMMITTEE**

- The Early Risk Identification and Risk Management Committee is composed of at least two members chosen by the Board of Directors. The Chairman of the Committee is chosen among independent members of Board of Directors. The Chief Executive Officer/General Manager cannot have membership within the Committee.
- If the Committee is composed of two members, then both of them; if it has more than two members, then the majority of the members are chosen among the members of the Board of Directors who do not have executive roles. Experts on one's subject who are not members of the Board of Directors may be assigned within the Committee when needed.
- When the new Board of Directors is assigned in the regular general meeting, the related Board of Directors identifies the members of the Early Risk Identification and Risk Management Committee, in parallel to the working period of itself. The members of the former Committee continue to serve until the new one is assigned.
- Any sort of resources and support that is needed for the Committee to carry its duty are provided by the Board of Directors. The Committee may invite the executive whom it finds necessary to its meetings and take their opinion.
- The Committee acts within the framework of the authority and responsibility given to itself by the Board of Directors and makes recommendations for the Board of Directors. However, the authority and responsibility of the Committee do not remove the responsibility of the Board of Directors arising from the Turkish Commercial Code.

#### **5. MEETINGS AND REPORTING**

- The Committee convenes in the frequency that the duty assigned to it necessitates. The decisions taken are put into writing to submit to the board of directors, are signed by the committee members and archived.

- The Committee, in the report that it will submit to the Board of Directors once in every two months, evaluates the situation, points to dangers if there is any, and reveals solutions. The report is sent to the auditor as well.
- The decisions of the Committee are in the characteristic of recommendations, thus the final decision body for related issues is the Board of Directors.

## **6. ENFORCEMENT**

Hereby rules of procedures for the Early Risk Identification and Risk Management Committee will come into force upon the approval of Board of Directors. Updating the rules of procedures in question through revision once needed is under the authority of the Board of Directors.