



## **ANADOLU ISUZU OTOMOTİV SAN. ve TİC. A.Ş.**

### **CHARTER OF THE COMMITTEE FOR EARLY DETECTION OF RISKS**

**This Charter is approved by the Board Resolution dated July 23, 2013 and numbered 2013/28.**

**Prepared by**

Committee for  
Early Detection  
of Risks

**Approved by**

Board of Directors

**Approval Date: June 23, 2013**

**Revision Date:**

# ANADOLU ISUZU OTOMOTİV SAN. VE TİC. A.Ş. BOARD OF DIRECTORS

## COMMITTEE FOR EARLY DETECTION OF RISKS PRINCIPLES OF ESTABLISHMENT

### I- GENERAL PRINCIPLES

#### Duties

**Article 1:** The Committee for Early Detection of Risks of Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (ASUZU) is established for early detection of risks that might endanger the existence, development and perpetuation of the Company and to implement measures required against the risks determined as well as the management of risks. *(Ref: The Principle No. 4.5.12. of the "Communiqué Serial: IV, No: 56 on the Determination and Implementation of Corporate Governance Principles" amended by the Communiqué Serial: IV, No: 57, issued by the CMB and Article 378 of the TCC).*

**Article 2:** The duties and working principles of The Committee for Early Detection of Risks is set within the framework of Capital Markets Board Principles, Articles of Association of the Company, Turkish Commercial Code and Corporate Governance Principles (announced by Capital Markets Board).

#### Scope

**Article 3:** This establishment principles organizes the rules and action framework governing The Committee for Early Detection of Risks of ASUZU.

### II- THE COMPOSITION AND APPLICATION PRINCIPLES OF THE COMMITTEE FOR EARLY DETECTION OF RISKS

#### Composition

**Article 4:** The Committee comprises of at least two members of Board of Directors. If the Committee comprises two members, then both of them, if the Committee comprises more than two members, then the majority thereof should be members of the Board of Directors who do not hold executive positions. *(Ref: The Principle No. 4.5.9. of the "Communiqué Serial: IV, No: 56 on the Determination and Implementation of Corporate Governance Principles" amended by the Communiqué Serial: IV, No: 57, issued by the CMB).*

**Article 5:** Board of Directors selects and appoints the Committee Chairman who is selected among the independent members of the Board of Directors. *(Ref: The Principle No. 4.5.3. of the "Communiqué Serial: IV, No: 56 on the Determination and Implementation of Corporate Governance Principles" amended by the Communiqué Serial: IV, No: 57, issued by the CMB).*

#### Application Principles

**Article 6:** The Committee for Early Detection of Risks shall convene as often as deemed necessary for the effectiveness of the work, at least two times per annum.

**Article 7:** The members of The Committee for Early Detection of Risks can hold the meetings through telephone or any other means of communication.

**Article 8:** The Committee for Early Detection of Risks makes decisions through majority vote.

**Article 9:** The Committee for Early Detection of Risks shall have the authority to meet any executives from senior management and third parties when it is deemed as necessary and appropriate.

**Article 10:** The Board of Directors shall provide all necessary resources and support to The Committee for Early Detection of Risks for its duties to be performed. *(Ref: The Principle No. 4.5.6. of the "Communiqué Serial: IV, No: 56 on the Determination and Implementation of Corporate Governance Principles" amended by the Communiqué Serial: IV, No: 57, issued by the CMB).*

A budget shall be prepared for Committee expenditures and submitted to The Board of Directors for the approval. Committee Secretary can benefit from this budget as required.

**Article 11:** The Committee should keep records of all their work in a documented manner. Written meeting minutes and decisions of The Committee for Early Detection of Risks should be kept in the secretariat. At least, time and place of the meeting, agenda, information on the topics discussed and decisions taken at the meeting should take place in the minutes of the meeting.

**Article 12:** After the committee meeting, Committee Chairman will submit a report to the Board of Directors about the activities of the committee and also shall deliver the minutes of the meetings and a summary thereof in writing. *(Ref: The Principle No. 4.5.8. of the "Communiqué Serial: IV, No: 56 on the Determination and Implementation of Corporate Governance Principles" amended by the Communiqué Serial: IV, No: 57, issued by the CMB).*

**Article 13:** The Committee members are to be appointed every year in the first Board of Directors meeting, following the Ordinary General Assembly meeting.

The Committee for Early Detection of Risks continues to work until the next Board of Directors selection.

ASUZU Board of Directors has an authority to terminate the duty of any Committee member.

ASUZU Board of Directors shall appoint a new member to complete the term of duty in case of being dismissed, resignation and death of any Committee member.

### **III - DUTIES AND RESPONSIBILITIES OF THE COMMITTEE FOR EARLY DETECTION OF RISK**

**Article 14:** The Committee for Early Detection of Risk carries out works for the purposes of early detection of strategic, operational, financial and legal and any other kind of risk that might endanger the existence, development and continuation of the Company and implementation of the necessary measures related to risks detected and management of risks. *(Ref: The Principle No. 4.5.12.a of the "Communiqué Serial: IV, No: 56 on the Determination and Implementation of Corporate Governance Principles" amended by the Communiqué Serial: IV, No: 57, issued by the CMB and Article 378 of the TCC)*

#### **Meeting**

**Article 15:** The Committee for Early Detection of Risk shall convene at times and frequencies as deemed necessary for effectiveness of its works. *(Ref: The Principle No. 4.5.8. of the "Communiqué Serial: IV, No: 56 on the Determination and Implementation of Corporate Governance Principles" amended by the Communiqué Serial: IV, No: 57, issued by the CMB).*

**Article 16:** The Committee for Early Detection of Risk can invite managers to the meetings it deems necessary and obtain their views. *(Ref: The Principle No. 4.5.6. of the "Communiqué Serial: IV, No: 56 on the Determination and Implementation of Corporate Governance Principles" amended by the Communiqué Serial: IV, No: 57, issued by the CMB).*

## Report

**Article 17:** The Committee for Early Detection of Risk shall evaluate the situation in a report it will submit to the Board of Directors every two months, and indicate risks if any, and remedies thereof. The Committee shall communicate the report it has prepared also to the auditor. (Ref: **Article 378 of the TCC**)

**Article 18:** The Committee for Early Detection of Risk shall submit its opinion to the Board of Directors so that the Board of Directors will establish internal control systems to include risk management and information systems and their processes which can minimize risks that may affect beneficiaries and in particular, shareholders of the Company. (Ref: **The Principle No. 4.2.3. of the "Communiqué Serial: IV, No: 56 on the Determination and Implementation of Corporate Governance Principles" amended by the Communiqué Serial: IV, No: 57, issued by the CMB**).

**Article 19:** The Committee for Early Detection of Risk shall prepare an annual evaluation report that will serve as a basis to assessment of the Board of Directors regarding working principles and effectiveness of the Committee to include members of the Committee, frequency of convening and activities carried out as well which will be contained in the annual activity report and shall submit it to the Board of Directors. (Ref: **The Principle No. 2.3.2.b. of the "Communiqué Serial: IV, No: 56 on the Determination and Implementation of Corporate Governance Principles" amended by the Communiqué Serial: IV, No: 57, issued by the CMB**).

**Article 20:** The Committee for Early Detection of Risk shall review the risk management systems at least once a year. (Ref: **The Principle No. 4.5.12.b. of the "Communiqué Serial: IV, No: 56 on the Determination and Implementation of Corporate Governance Principles" amended by the Communiqué Serial: IV, No: 57, issued by the CMB**).

## IV - OTHER CONDITIONS

### Responsibilities Arising from Laws and the Regulations

**Article 21:** The Committee for Early Detection of Risk shall make recommendations to the Board of Directors, but such recommendation shall not eliminate the duties and responsibilities of the Board of Directors arising from the Turkish Commercial Code.

### Asking for an Expert Opinion

**Article 22:** The Committee for Early Detection of Risk shall be entitled to receive opinions from independent experts in connection with its activities when it deems necessary. Fees for consultancy services required by the Committee for Early Detection of Risk shall be borne by the Company. (Ref: **The Principle No. 4.5.7. of the "Communiqué Serial: IV, No: 56 on the Determination and Implementation of Corporate Governance Principles" amended by the Communiqué Serial: IV, No: 57, issued by the CMB**).

### Amendment to the Establishment Principles

**Article 23:** This regulation can be changed with a Board resolution.

## Enforcement

**Article 24:** This regulation has been approved with the Resolution No. 2013/28, dated July 23, 2013, of the Board of Directors of Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. and entered into force as of July 23, 2013.