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BORSA İSTANBUL A.Ş.

DIRECTIVE ON RESPONSIBILITIES AND WORKING PRINCIPLES OF EARLY RISK DETECTION COMMITTEE

ISTANBUL – 2023

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FIRST PART

General Principles

Purpose and Scope

ARTICLE 1 - (1) The purpose of this Directive is to set down and regulate the responsibilities, working procedures and principles of Early Risk Detection Committee that is created and authorized by the Board.

Grounds

ARTICLE 2 - (1) This Directive is prepared and issued pursuant to article 16 of the Articles of Association of Borsa İstanbul A.Ş. by also taking into consideration the Corporate Governance Principles determined by the Capital Markets Board of Türkiye.

Definitions

ARTICLE 3 - (1) For the purposes and in the context of this Directive:

- a) **Independent Auditor:** Refers to auditors of any seniority assigned by independent audit firms for independent audit duties;
- b) **Independent Audit:** Refers to the process of auditing, assessment and reporting of annual financial statements and other financial data of corporations to be made public or that may be requested by the Capital Markets Board of Türkiye, over books, records and documents, in terms of accuracy and conformity with financial reporting standards, by application of all of the required independent audit techniques specified in independent audit standards, with a view to collecting adequate and appropriate independent audit evidences capable of providing a reasonable assurance in relation therewith;
- c) **Independent Board Member:** Refers to a member of the Board meeting the independence criteria specified in the Corporate Governance Principles regulated by the Capital Markets Board of Türkiye;
- ç) **Exchange:** Refers to Borsa İstanbul A.Ş.;
- d) **Articles of Association:** Refers to the Articles of Association of Borsa İstanbul A.Ş.;
- e) **CEO:** Refers to the Chief Executive Officer of Borsa İstanbul A.Ş.;
- f) **Committee:** Refers to the Early Risk Detection Committee of Borsa İstanbul A.Ş.;
- g) **Committee Chairperson:** Refers to the Chairperson of the Early Risk Detection Committee of Borsa İstanbul A.Ş.;
- ğ) **Corporate Governance Principles:** Refers to the Corporate Governance Principles included in the Annex of the Communiqué on Corporate Governance Principles, no. II-17.1, promulgated by the Capital Markets Board of Türkiye in the Official Gazette edition 28871 on 3 January 2014;
- h) **Reporter:** Refers to the Risk Management, Internal Control and Compliance Directorate;
- ı) **Senior Management:** Refers to Borsa İstanbul A.Ş. Chief Executive Officer, Executive Vice Presidents and Chief Audit Executive;
- i) **Board:** Refers to the Board of Directors of Borsa İstanbul A.Ş.;

- j) **Chairperson of the Board:** Refers to Chairperson of the Board of Directors of Borsa İstanbul A.Ş.; and
- k) **Office of the Board and Chief of Staff:** Refers to Office of the Board and Chief of Staff Directorate of Borsa İstanbul A.Ş.

Formation and Composition of the Committee

ARTICLE 4 - (1) The Committee is comprised of at least two members to be elected by the Board from among its own members. If the Committee is comprised of two members, both members, and if the Committee is comprised of more than two members, majority of its members are required to be elected from among non-executive Board members. However, non-members who are specialists in their own fields may also be assigned to the Committee.

(2) Committee Chairperson is elected by the Board from among independent Board members. The Committee members are re-elected in the first meeting of the Board to be held after the annual ordinary meeting of general assembly of shareholders every year. CEO is not elected to the Committee.

(3) In the event that the composition of the Committee loses the criteria set forth in first paragraph of this article for any reason whatsoever, new members are assigned to the Committee in strict compliance with first paragraph of this article in the first meeting of the Board held thereafter.

(4) The Risk Management, Internal Control and Compliance Directorate serves as reporter of the Committee, and the Office of the Board and Chief of Staff is entrusted with the tasks of secretariat thereof.

SECOND PART

Working Principles

Working Procedures and Principles of the Committee

ARTICLE 5 - (1) The Committee meets regularly at least once every two months, but may also be separately convened upon a call of the Committee Chairperson whenever deemed necessary in the course of business operations. In case of need, the Committee members or the Chairperson of the Board may also call the Committee for a meeting. Meeting agenda is determined by the Committee Chairperson. However, it is possible to add a new item to the agenda by a decision taken by the affirmative vote of the majority of the Committee members.

(2) The Committee meets with presence of simple majority of the full number of its members and takes its decisions by affirmative vote of majority of its members present in the meeting. In case of equality of votes, the Committee Chairperson shall have a cast vote.

(3) The Committee meetings may also be held by any kinds of technological methods allowing

remote access, providing that the meeting and decision quorum rules are duly abided by.

(4) Decisions taken in the Committee meetings are written down and then signed by the Committee members. Decisions required to be approved by the Board and decisions required to be presented by the Committee to the Board are notified to the Office of the Board and Chief of Staff. Decisions of the Committee are kept in the Office of the Board and Chief of Staff.

(5) If and the extent deemed necessary within its fields of activity, subject to compliance with the confidentiality principles, the Committee may meet with the Exchange executives, employees or independent auditor, or representatives of any persons or entities having business relations with the Exchange, and may consult to and receive consultancy services from external independent specialists on issues or matters deemed fit and necessary, and may invite said external independent specialists to its meetings.

Functions, Duties and Powers of the Committee

ARTICLE 6 - (1) The Committee reviews reports prepared by Risk Management, Internal Control and Compliance Directorate, and expresses its opinions and ideas about the operations, and issues and presents quarterly reports to the Board. This report covers the risk exposures of the Exchange, distribution of said risks by levels thereof, then-current status of action plans aimed at mitigating the risks, and all other issues related thereto, especially the results of monitoring of key risk indicators.

(2) Other functions, duties and responsibilities of the Committee relating to early detection and management of risks are as detailed below:

a) To assist the Board in establishment and development of systems needed for early detection of risks which may endanger the existence, development and continuance of the Exchange, and for monitoring of actions and measures deemed necessary in respect of the detected risks and required to be taken by the related units, and for management of risks; and

b) To identify, assess and monitor the existing and potential risk factors which may affect the Exchange, and to create an internal legislation, especially policies, directives and procedures regarding management of the related risks; and

c) To continuously review the corporate risk management structure, and to supervise the implementation of risk management activities in strict compliance with the related decisions of the Board and the Committee; and

ç) To make suggestions to the Board for establishment of a risk management culture in the Exchange, and adoption of this culture by employees, and support of the same by the Senior Management; and

d) To prepare and submit to the Board an annual assessment report regarding the previous year in January every year, to be used as a base for contents of the Exchange's annual activity

report relating to risks; and

e) If and when needed, by collecting information and reports from the Exchange's executives, lawyers and related departments to make assessments on such issues as modus operandi of the corporate risk system, and existing and potential risk factors, threats and their probable results, and actions and measures required to be taken, and material lawsuits commenced and pending against the Exchange, and provisions set aside for probable risks, and adequacy of said provisions; and

f) To review the risk appetite of the Exchange once a year, and present to the Board for approval the probable updates in the existing risk appetite level.

THIRD PART

Miscellaneous and Final Provisions

Absence of Provisions

ARTICLE 7 - (1) All and any subjects on which this Directive remains silent shall be governed by the Articles of Association, and other pertinent laws and regulations.

Effective Date

ARTICLE 8 - (1) This Directive will enter into force as of the date it is approved by the Board.

Enforcement

ARTICLE 9 - (1) The Board is authorized to execute and enforce this Directive, and if needed, to make changes or modifications herein, and to interpret the unclear provisions, and to guide the implementation.