



EARLY IDENTIFICATION AND
MANAGEMENT OF RISKS
COMMITTEE
DUTIES AND WORKING
PRINCIPLES





TÜRK TELEKOMÜNİKASYON A.Ş. EARLY IDENTIFICATION AND MANAGEMENT OF RISKS COMMITTEE DUTIES AND WORKING PRINCIPLES

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Early Identification and Management of Risks Committee Duties and Working Principles

1. PURPOSE

The purpose of these duties and working principles of TÜRK TELEKOMÜNİKASYON A.Ş., Early Identification and Management of Risks Committee which has been formed upon the Resolution of the Board of Directors of 14/08/2013 in compliance with Article 378 of Turkish Commercial Code No: 6102 and in line with the relevant regulations of the Capital Markets Board of Turkey is to determine the principles about the duties, tasks, authorities, framework of liabilities and working procedures for the Early Identification and Management of the Risks Committee, as stipulated in the related legislation which acts under the Turkish Commercial Code No: 6102 and “Corporate Governance Principles” of the Capital Markets Board of Turkey.

2. SCOPE

These duties and working principles document covers the principles about the duties, tasks and framework of liabilities and operations to be executed by the Early Identification and Management of Risks Committee and its related members.

3. DEFINITIONS

3.1. Independent Auditing Firm (“IAF”):

It is the corporate firm that provides independent audit and related services for the Company which acts under the authorization of Capital Markets Board in line with Capital Markets Law, Article 62.

3.2. Auditor

It refers to audit staff of all levels appointed by independent audit firm for independent audits.



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3.3. Early Identification and Management of Risks Committee (the “Committee”):

It is the Committee which is designed by the authorization of the Board of Directors and acts under the Board of the Directors to early identify any potential risks that might jeopardize the existence, development and continuation of the Company, to take and implement the necessary measures and preventive actions for the elimination of such detected potential risks as well as to perform and coordinate any studies related to risk management facilities and to manage and review the risks by applying a risk management system and to report the Board of the Directors thereon.

3.4. Secretariat for Early Identification of Risks Committee (the “Secretariat”):

It is the responsible staff in TÜRK TELEKOMÜNİKASYON A.Ş. Enterprise Risk Management Directorate, who organizes the workshops and meetings, sets the communication among the members of the Committee.

3.5. Capital Markets Board of Turkey:

It is the Regulatory and Supervisory Authority for Turkish Securities Markets, a governmental public body which is established upon the related articles of Capital Markets Law.

3.6. Company: TÜRK TELEKOMÜNİKASYON A.Ş.

4. REFERENCE DOCUMENTS

- 4.1.** Turkish Commercial Code,
- 4.2.** Current principles, regulations and provisions of the Capital Markets Law,
- 4.3.** “Corporate Governance Principles” of the Capital Markets Board of Turkey,
- 4.4.** The principles, regulations and provisions set in the Company’s articles of association.

5. DUTIES AND RESPONSIBILITIES

5.1. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The main functions of the Committee shall be covering the following topics:

- Establishes the “Enterprise Risk Management System” for the purpose of early identification of the risks that might endanger the presence, development and continuity of TURK TELEKOM Group and implementation of necessary measures and actions to eliminate them,
- Ensures that the Enterprise Risk Management System is managed and developed effectively,
- Reviews the effectiveness of Enterprise Risk Management System at least once a year,
- Asks for the knowledge and opinions of Company Management and Auditors about the identification of risk areas and elimination of vulnerabilities due to potential risks,
- Determines the risk appetite and approves the policies, procedures and standards with respect to Enterprise Risk Management,
- Approves the Governance Model of Enterprise Risk Management,
- Ensures the use of the most developed analysis and tools in the Risk Management Process,
- Ensures that the findings of Enterprise Risk Management System become an important element in strategic decision making,
- Establishes the necessary coordination among subsidiaries, Enterprise Risk Management Directorate, executive units and Internal Audit units in order to manage the risks and opportunities effectively,
- Monitors the risk levels and risk management actions and informs the Board of Directors on these issues,
- Investigates the complaints of shareholders and stakeholders incoming to control system that is established to ensure effective risk management and concludes them,

- Provides the control of the risk management system as a whole,
- Evaluates whether Company Management informs their employees about the importance of risk management or not,
- Submits a risk assessment report to the Board of Directors every two months where it evaluates the risks the Company is exposed to, spots the relevant risks and proposes precautions and remedies therefor. The Committee sends a copy of the said report to the Independent Auditing Firm, as well.

5.2. ROLES AND RESPONSIBILITIES OF THE COMMITTEE SECRETARIAT

5.2.1. Committee Secretariat maintains the communication among Committee members, makes all necessary arrangements for the Committee meetings, prepares meeting minutes and regularly files all correspondence.

5.2.2. Secretariat makes all necessary arrangements, planning and monitoring activities, before, during and after the meetings, to be able to conduct the meetings in the best productive way possible.

5.2.3. Secretariat ensures coordination for timely delivery of all necessary information to Committee members.

5.2.4. Secretariat makes all files and records available for Committee members' review.

6. STRUCTURE AND AUTHORITY OF THE COMMITTEE

6.1. STRUCTURE OF THE COMMITTEE

6.1.1. Committee shall be established in accordance with the provisions of Turkish Commercial Code, "the Corporate Governance Principles" published by the Capital Markets Board and the articles of association of the Company.

Following that the new members of the Board of Directors are elected at the General Assembly meeting due to the expiry of the term of duty of the previous Board of Directors members, the Board of Directors determines the members of the Early Identification and Management of Risks Committee based on the assignment term of the Board of Directors. The membership of a Committee member shall end automatically on the date he ceases to be a member of the Board of Directors.



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If deemed necessary, the Board of Directors is authorized to terminate the term of duty of a certain member of the Committee before the expiry date of his/her term.

Dismissal of a certain member of the Early Identification and Management of Risks Committee shall not provide a vested right to his/her advantage.

The Board of the Directors appoints a new member to the Committee for completing the term of the office upon termination of the Committee membership, resignation or death of any member of the Committee.

6.1.2. The Committee consists of three members. Majority of the Committee members should be elected among the non-executive Board members. Chairman of the Committee should be elected from the independent Board members.

6.1.3. Head of the Execution/CEO cannot become a member of the Committee.

6.1.4. The Committee shall execute the meetings with the presence of the majority of the members. It shall also make decisions by majority voting of the Committee members.

6.1.5. The Committee works to early detect the risks that might endanger the existence, progress and survival of the Company, to ensure implementation of necessary measures and remedies in relation to the identified risks, and to manage the risk.

The Committee meets every two months. Committee Chairman may invite Committee members for meeting, through Committee Secretariat. Committee shall meet at the head quarter of the Company or any relevant address. Chairman may change the date, time and the venue by informing Committee members in advance.

Members of the Committee can hold meetings through telephone or other communication devices among themselves.

6.2. AUTHORITIES OF THE COMMITTEE

6.2.1. The Committee may launch special examinations when it deems necessary. In those examinations, Committee may hire experts during the examination as consultants to obtain their review and assessments.

6.2.2. The Committee may invite relevant personnel including subsidiaries' personnel, representatives of the relevant institutions and experts to acquire additional information about the agenda topics or may hire professional consultants if it deems necessary.



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6.2.3. The Committee acts according to assigned authority and responsibilities, makes suggestions to the Board of Directors and submits necessary revision requests to the Board of Directors for approval. In any case, final decision responsibility lies with the Board of Directors. Presence of the Committee shall not abolish roles and responsibilities of the Board of Directors that are originated from the Turkish Commercial Code.

6.3. BUDGET

The Board of Directors shall provide all necessary resources and support to the Committee for its duties to be performed. The Committee Secretariat benefits from Company resources according to its needs. The Committee's spending is budgeted and presented to the approval of the Board of Directors.

7. ENFORCEMENT

These duties and working principles are approved by the Board of Directors, resolution date 14/08/2013 and number 36 and entered into force as of 14/08/2013.

8. EXECUTION

Execution of these duties and working principles shall be monitored and controlled by the Committee.

9. PUBLICATION PLAN

These duties and working principles shall be published on the Public Disclosure Platform, Investor Relations Website of the Company and on Intranet for relevant units' review. If any change occurs in the duties and working principles, the revised charter document will be disclosed on the Public Disclosure Platform, Investor Relations Website of the Company and on Intranet, following the approval of the Board of Directors on the revised duties and working principles.