

**ARZUM ELEKTRİK Lİ EV ALETLERİ SANAYİ VE TİCARET A.Ş.**  
**DUTIES AND WORKING PRINCIPLES OF THE CORPORATE GOVERNANCE COMMITTEE**

**1. ESTABLISHMENT**

At our company's Board of Directors meeting with number 2021/13 dated April 29, 2021, it has been decided on, within the scope of the provisions of the Corporate Governance Principles of the Capital Markets Board (CMB), to establish a Corporate Governance Committee which shall give advice and recommendations to the Board of Directors for the purpose of developing our Company's corporate governance practices, and that this Corporate Governance Committee shall fulfill the duties of the Nomination Committee and the Compensation Committee.

**2. GROUND**

This regulation has been created within the framework of the provisions of the Capital Markets Legislation and therefore the Capital Markets Corporate Governance Principles.

**3. OBJECTIVE**

The purpose of establishment of the Corporate Governance Committee (to be referred to hereinafter as the "Committee") is to determine whether Arzum Elektrik Ev Aletleri Sanayi ve Ticaret A.Ş. (to be referred to hereinafter as the "Company" or "Arzum") applies the CMB Corporate Governance Principles, and to identify conflicts of interest arising from not strictly complying with such principles, and to make recommendations to the Board of Directors to improve corporate governance practices.

**4. AUTHORITY AND SCOPE**

The Corporate Governance Committee is formed and authorized by the Board of Directors. The duties and working principles of the Corporate Governance Committee are determined by the Board of Directors. The Corporate Governance Committee acts within its own authority and responsibility and makes recommendations to the Board of Directors; however, the ultimate decision responsibility always rests with the Board of Directors.

All kinds of resources and supports required for the Committee in order to fulfill its duties are provided by the Board of Directors. The Committee may invite any manager it deems necessary to its meetings and take such manager's opinions. The Corporate Governance Committee makes use of the opinions of independent experts regarding its activities, and the cost of such consultancy services required by the Committee shall be covered by the Company.

In case a "Nomination Committee" and "Remuneration Committee" cannot be formed within the Company's Board of Directors, the Corporate Governance Committee also fulfills the duties of these committees in accordance with the CMB's Corporate Governance Communiqué. In case the Corporate Governance Committee fulfills the duties of the Nomination Committee and Remuneration Committee, the meetings and reporting shall be held to include the duties of the said committees.

## **5. STRUCTURE OF THE COMMITTEE AND MEMBERSHIP CRITERIA**

1. The Corporate Governance Committee consists of at least two members of the Board of Directors and the Investor Relations Unit manager appointed within the scope of the Corporate Governance Communiqué. However, the Chairman of the Committee is elected among the independent members of the Board of Directors.
2. Chief Executive Officer/General Manager cannot take part in the Corporate Governance Committee.
3. If the Committee consists of two members other than the Investor Relations Unit manager, both of them; and if there are more than two members, the majority of the members are elected from non-executive Board members. When necessary, persons who are experts in their fields and who are not members of the Board of Directors may take place in the Committee.
4. When the new Board of Directors is elected at the Ordinary General Assembly meeting, the members of the Corporate Governance Committee are determined by the Board of Directors in parallel with the term of office of the relevant Board of Directors. The duties of the old Committee members continue until a new one is elected.
5. The Committee can make use of the opinions of independent experts on any issues it deems necessary regarding its activities. In this case, the cost of such consultancy services required by the Committee shall be covered by the Company. The Corporate Governance Committee may invite any manager it deems necessary to its meetings and take such manager's opinions.
6. All kinds of resources and supports required for the Committee in order to fulfill its duties are provided by the Board of Directors. The Committee may invite any manager it deems necessary to its meetings and take such manager's opinions.

## **6. DUTIES AND RESPONSIBILITIES**

- A. With Respect for Issues on Compliance with the Corporate Governance Principles, the Committee;
1. Determines whether the corporate governance principles are applied in the Company, and if not, identifies its justifications as well as the negations having occurred due to not fully complying with these principles and recommends to take remedial measures to the Board of Directors.
  2. Oversees the operations of the Investor Relations Unit.
  3. Reviews the Corporate Governance Principles Compliance Reports to be disclosed to the public and checks whether the information contained therein is correct and consistent with the information held by the Committee.

4. Carries out works on the understanding, adoption and implementation of the CMB (Capital Market Board) Corporate Governance Principles within the Company.
  5. Provides the necessary communication between the shareholders and the Board of Directors.
  6. Fulfills other duties having been/to be assigned to the Committee by the CMB Regulations and Turkish Commercial Code.
- B. With Respect for the Duties Envisaged for the Nomination Committee and Remuneration Committee, the Committee;
1. Carries out works to establish a transparent system for identifying, evaluating, training and rewarding appropriate candidates for the Board of Directors and senior management, and to develop policies and strategies in this regard.
  2. Makes regular evaluations about the structure and efficiency of the Board of Directors and submits its recommendations to the Board of Directors regarding the changes that can be made in these matters.
  3. In the course of the election of the independent members of the Board of Directors, including the management and the shareholders, the Committee evaluates the candidate proposals for independent board membership, taking into account whether the candidate meets the independence criteria and submits its evaluation to the board of directors for approval.
  4. In order to ensure that the minimum number of independent members of the board of directors is restored, if there should be a decrease in the membership of the independent board of directors for any reason, the Committee makes an evaluation for the election of independent members for the vacant memberships to take office until the first General Assembly meeting to be held and notifies the Board of Directors of the result in writing.
  5. Determines the approaches, principles and practices regarding performance evaluation and career planning of the members of the Board of Directors and managers with administrative responsibility, and surveys them.
  6. Determines the criteria that may be used in the remuneration in connection with the performance of the Company and the member.
  7. Submits its proposals to the Board of Directors regarding the remuneration to be provided to the members of the Board of Directors and the senior management, taking into account the degree of achievement of the criteria.
  8. Determines the criteria that may be used in the remuneration in connection with the performance of the company and the member.
  9. Taking into account the degree of achievement of the criteria, the Committee submits its proposals to the Board of Directors regarding the remuneration to be paid to the members of the Board of Directors and executives with administrative responsibility.

10. In the remuneration of the independent members of the Board of Directors, attention is paid, not to apply any stock options or payment plans based on the Company's performance.

## **7. COMMITTEE MEETINGS AND REPORTING**

1. The Committee convenes minimum twice a year.
2. The decisions of the committee are advisory to the Board of Directors, and the final decision maker on related matters is the Board of Directors. The Committee ensures that the Board of Directors shall be informed on matters falling under the Committee's authority and responsibility.
3. Meeting and decision quorum is the absolute majority of the total number of Committee members.
4. It is possible to hold Committee meetings either with or without physical attendance by electronic means (either electronically or by conference call). Meetings with physical attendance may be held at the Company headquarters or any other place where Committee members have easy access. Minutes of the meetings held by electronic means without physical attendance are signed by the members of the Corporate Governance Committee. In addition, it is possible to circulate Committee decisions, and the decisions signed by all members on the same or different papers are valid.
5. Decisions taken at the Committee meetings are put in writing, signed by the Committee members and kept in an orderly manner.
6. Any decisions deemed necessary by the Committee are submitted to the Board of Directors.

## **ENFORCEMENT**

These working principles of the Corporate Governance Committee have been approved by the Board of Directors decision dated April 29, 2021. The revision and updating of the said working principles as necessary will be subject to the approval of the General Assembly.