

Regulation No.	17
Review No	01
Entry into Effect Date	21.11.2012

## EARLY DETECTION OF RISK COMMITTEE REGULATION

### 1-PURPOSE

The purpose of this regulation is to set duties, authorities, responsibilities and working procedures and principles of the Early Detection of Risk Committee ("Committee"), in accordance with the corporate governance regulations of the Capital Markets Boards. The Early Detection of Risk Committee has been set up with the resolution of the Board of Directors at 24/09/2012(resolution no 9167) in order to aid the Ereğli Demir and Çelik Fabrikaları T.A.Ş.'s ("Company") Board of Directors to fulfill their duties and responsibilities.

The purpose of the Early Detection of Risk Committee is to detect the risks which may endanger the existence, development, and continuity of the company and implement the necessary measures in relation to the detected risks and to manage the risks within this and legal regulations.

### 2-AUTHORIZATION AND SCOPE

- 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 relevant managers to its meetings and take their opinion.

-The Committee can use the services of independent consultants during its work when and if it deems necessary. The costs of such consultant services used by Committee are borne by company.

-The Committee is re-designated every year at the first Board of Directors meeting to be held following the Ordinary General Assembly Meeting.

-The Committee reviews these principles every year and submits its request for a change to the Board of Directors.

-The Committee submits a report to the Board of Directors once in every two months, in this report the Committee evaluates the risk situation, points to dangers if there is any, and reveals solutions. The report is sent to the auditor as well.

### 3-COMMITTEE STRUCTURE

All members of the committee must be a Board Member. If the Committee consists of two members, all members are elected from non-executive members of the Board of Directors. If the Committee consists of more than two members the majority of the members are elected from non-executive members of the Board of Directors. The CEO/General Manager cannot be a member of The Committee. The Committee Chairman is selected within the Independent Board Members.

### 4-MEETINGS

The Committee meets at least once in every 2 months, to ensure the efficient work of the Committee, in synch with the Board of Directors meetings. However, the Committee can meet as frequently as required for efficient work of the Committee.

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The Committee Chairman or The Committee member can summon the Committee. The Committee meeting will be held according to agenda which will be distributed by the secretariat. The minutes of the meetings are to put into writing by secretariat and then archived. After every Meeting the Committee submits a report about its activities with the summary of the minutes of the meeting to the Board of Directors. The secretariat is responsible for keeping the reports. The Committee can meet by teleconference or different ways as it deems necessary.

The quorum is the absolute majority of the total number of Committee members.

Each year the Committee carries out an evaluation about its aims, duties, and performance and informs the Board of Directors about the results of this evaluation.

## **5-DUTIES AND RESPONSIBILITIES**

Committee;

- According to risk appetite determinate by the Board of Directors and the opinions of the Board of Directors,
  - Works to detect probabilities of risks which may jeopardize the existence, development, and continuity of the Company and to evaluate and define the effects of these risks,
  - Creates risk management and risk control models and review these models at least once year,
  - Works to detect measure and gives information to the Board of Directors for using these elements of risks in their decision-making process and makes necessary warnings to the Board of Directors.
- Gives remedial advice to the Board of Directors for risk management and risk control models.
- The Committee meets at least six times a year. The minutes of the meetings are kept in the writing form. The Committee submits the results of Committee meetings to the Board of Directors in a report form. If the Committee members cannot meet in normal ways, the Committee members can convey within the bounds of technological opportunities.

## **6-CHANGES IN REGULATION**

If something is going to be changed in this regulation, the Committee submits a proposition about the change in this regulation to the Board of Directors.

This proposition will put on the agenda of the first Board of Directors meeting.

## **7-ENFORCEMENT**

The regulation and changes in this regulation shall enter into force after the approval of the Board of Directors.