

THE CORPORATE GOVERNANCE COMMITTEE OF KIZILBÜK
GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ (KIZILBÜK)
REAL ESTATE INVESTMENT TRUST (REIT) CORPORATION

DUTIES AND PRINCIPLES OF OPERATION

PURPOSE

As part of the regulations, provisions and principles provided under the Capital Market Regulation and Capital Market Board Corporate Governance Compliance, this document has been issued in order to track the compliance of the Company with the corporate governance rules and identify the organization and structure of the Corporate Governance Committee which shall consist of the members to be elected from among the members of the Board of Directors and relevant departments so as to ensure assistance with the improvement activities relating to such compliance.

AUTHORITY and SCOPE

The corporate governance committee;

- Ensures the development and implementation of Corporate Governance Rules in the Company;
- Makes improvement recommendations to the Board of Directors as regards to corporate governance applications;
- Observes the activities of the shareholder relations department;
- Makes recommendations as to the operating structure and efficiency of the Board of Directors and related committees as well as the number and election of the members of Board in consideration of the Corporate Governance Rules;
- Creates agenda for the Board of Directors in relation to the anticipation of risks which may possibly influence the activities of the company in the fields of operation and to the measures to eliminate and/or alleviate the negative effects of such possible risks;
- Identifies the principles and criteria for the determination of the wages of the Board members and senior executives in consideration of the long-term goals of the Company; in this respect, creates a human resources and waging policy to cover all the Company employees and monitors the implementation of these principles;
- Submits recommendations to the Board of Directors as regards to the wages to be provided to the Board members and senior executives in line with the waging policy;
- Makes an annual corporate governance evaluation and submits it to the approval of the Board of Directors together with a Corporate Governance Rules Compliance Statement.

The Corporate Governance Committee is created and authorized by the Board of Directors for the performance of the foregoing. The committee takes action in line with the authorities and responsibilities assigned thereto; makes recommendations to the Board of Directors; and, when necessary, issues and submits reports to the Board of Directors. However, final decision is always taken by the Board of Directors.

ORGANIZATION

The areas of duty, principles of work and members of the committee are to be determined and disclosed to public by the board of directors.

The Corporate Governance committee consists of 2 members at the least. The chair of the committee is elected from among the independent board members. Chief Executive Officer and Director General cannot take part in the committee. Where the committee consists of two members, both members are elected from among the Board members who are not directly engaged in executive duties.

Where there are more than two members, the majority of the members are elected as such.

The Corporate Governance Committee convenes as prescribed by the Capital Market Board rules and upon the call by the Committee Chair when necessary. During the meetings, the risk management systems of the Company are reviewed at least once in a year. The committee submits reports to the Board of Directors with the necessary activity information and meeting results included therein. The committee may invite and ask the opinions of executives who are not members to the committee but are deemed beneficial for the activities thereof.

ROLES and RESPONSIBILITIES

Compliance with Corporate Governance Rules

- The committee ensures the formation of Corporate Governance Rules and the comprehension of their significance and benefits in the company. It evaluates whether the Company has an efficient and effective “corporate governance culture” in place.
- The committee makes recommendations to the Board of Directors as to the sound operation, employees’ understanding and adoption of and executive support to the infrastructure relating to executive applications which intend to improve the Company’s performance.
- The committee performs the other activities which may be requested by the Board of Directors as regards to corporate governance.
- The committee identifies the matters which may be to the benefit of the Company and the shareholders but have not been implemented yet and makes recommendations to the Board of Directors as to their implementation.
- The committee monitors whether the Corporate Governance Rules are implemented and, if not implemented, assesses and draws conclusions as to the reasons and consequent conflicts of interests. It makes recommendations to the Board of Directors for the improvement of implementations.

Managerial Control

- The committee takes the opinion of the management and relevant parties as regards to the identification of the areas which may cause managerial risk and plans to the elimination of deficiencies.
- The committee examines the complaints on management submitted to the partnership and ensures resolution as well as ensuring the employees’ notification in these regards in line with the confidentiality rules.

Public Disclosure

- The committee reviews the activity report and website to be publicly disclosed and checks the accuracy and consistency of the information therein.
- The committee makes recommendations for public disclosures to be made in accordance with the Company’s information policy and in compliance with the Capital Market Regulation.

Compliance with Internal Regulations

- The committee ensures that internal regulations are in written and conveyed to all the employees.

- The committee checks whether internal regulations and acceptable behaviours (Codes of Conduct) are conveyed to the employees by the Management using an appropriate mode of communication.
- The committee evaluates the activities of the Management as regards to the monitoring of the compliance with internal regulations.
- The committee observes the compliance with internal regulations which prevent conflict of interests among board members, managers and other employees and the misuse of trade secrets.

Determination of Board Member Candidates

- The committee takes action to create a transparent system for the determination of suitable candidates for the Board of Directors and Senior Management and for the development of policies and strategies thereto.

Investor and Shareholder Relations

- The Investor and Shareholder Relations Department has been formed in order to monitor all the relations with the partners and investors and ensure that their right to information is completely satisfied
- Investor and Shareholder Relations Department:
 - 1- Satisfies the information requests by the shareholders and investors in line with the regulations, articles of association, corporate governance rules and the information policy;
 - 2- Periodically holds or attends to investor information meetings in Turkey and abroad in line with the regulations, articles of association, corporate governance rules and the information policy;
 - 3- Takes necessary actions in order to ensure that the website is an active communication platform for Turkish and foreigner investors;
 - 4- Observes and monitors that public disclosure processes comply with the regulations;
 - 5- Ensures the maintenance of the records of the shareholders in a sound, secure and updated manner;
 - 6- Ensures that activity reports are issued as prescribed by regulations and the Corporate Governance Rules of Capital Market Board;
 - 7- Observes that General Assembly meetings are duly held;
 - 8- Issues the documentation to be offered to the shareholders during General Assembly meetings;
 - 9- Ensures that meeting minutes are duly taken.

Risk Management

- The Corporate Governance Committee observes the management of operational and financial risks by the relevant departments of the Company, takes actions against possible risks and guides relevant department managers and the internal control activities thereto. When necessary, the committee gives warnings in order to identify, measure, analyse, monitor and report occurring risks and alleviate uncontrollable ones.

- The committee identifies risk management policies and implementation procedures and ensures the implementation of and compliance with them based on the risk management strategies and the opinions of the Board of Directors.
- The committee takes part in the design, selection, implementation and pre-approval process of risk measurement models which are among the key tools of risk management process, regularly reviews these models and makes the necessary amendments by applying scenario analyses.
- The committee requests information, opinion and reports from relevant departments so as to efficiently perform the risk monitoring function, if necessary.
- The committee reviews the risks which are identified in the Company's financial statements and annual activity reports issued in accordance with the financial reporting standards agreed by the Capital Market Board.

Other Responsibilities

- The committee follows the developments in the corporate governance literature and examine its effect on the management of the Company.
- The committee performs the other activities which may be requested by the Board of Directors as regards to corporate governance.
- Where necessary, the committee may initiate special investigations and assign specialists as consultants to support the committee during these investigations.
- The committee develops recommendations as to the board members and the number of managers.

EFFECT

This duties and principles of operation were accepted and entered into effect upon agreed as per the Board Resolution no. 2021-3 dated 03.04.2021. The provisions of this Regulation are regulated by the Chair of the Corporate Governance Committee.