

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş.
BOARD OF DIRECTORS FUNCTIONS POLICY

Policy Date: 24 November 2023

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1. Purpose and Scope

The purpose of this Board of Directors Functions Policy is to determine the distribution of powers and duties of the Board of Directors of Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi and the working procedures and principles within the framework of the Turkish Commercial Code, Capital Markets legislation and the provisions of the Articles of Association. This Policy covers the distribution of powers and duties of the Board of Directors of Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi and the principles and procedures of the Board of Directors meetings.

2. Basis

This Policy has been prepared based on the provisions of the Articles of Association of Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi, taking into account Articles 367 and 371 of the Turkish Commercial Code and the relevant secondary legislation.

3. Definitions

In this Policy;

- a) Partnership: Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi
- b) Meeting: Board of Directors Meetings
- c) TCC: Turkish Commercial Code dated 13.01.2011 and numbered 6102
- d) CMB: Capital Market Law No. 6362
- e) Board: refers to the Capital Markets Board.

4. Composition, Structure and Term of Office of the Board of Directors

- 4.1 The business and administration of the Company shall be carried out by a Board of Directors consisting of at least 5 members to be elected by the General Assembly in accordance with the provisions of the Turkish Commercial Code.
- 4.2 The members of the Board of Directors are elected for a maximum term of 3 years. A member whose term of office expires may be re-elected.
- 4.3 The General Assembly may change the members of the Board of Directors at any time if deemed necessary.

5. Meetings of the Board of Directors

- 5.1 The Board of Directors convenes as and when required by the Company's affairs and transactions. However, it is obligatory to convene at least four times a year.
- 5.2 A member of the Board of Directors who fails to attend three consecutive meetings shall be deemed to have resigned.

- 5.3 Unless one of the members requests a discussion, the resolutions of the Board of Directors shall be adopted in accordance with Article 390(4) of the Turkish Commercial Code. Pursuant to Article 390(4) of the Turkish Commercial Code, decisions may also be taken by obtaining the written approvals of at least the majority of the total number of members to the proposal made in writing by one of them to all members regarding a specific matter.
- 5.4 The rights, obligations, liabilities and responsibilities of the Board of Directors, the form and quorum of meetings, the withdrawal, death or disability of the members, their remuneration and other matters related to the Board of Directors shall be governed by the provisions of the Turkish Commercial Code and Capital Markets legislation.
- 5.5 The members of the Board of Directors may take office in the boards of directors of subsidiaries, affiliates and partnerships subject to joint management in order to protect the interests of the Company and its shareholders and for the purpose of supervision, monitoring, guidance and audit. In addition, members of the Board of Directors may take office in public benefit associations, foundations, institutions and organisations working for public benefit or engaged in scientific research and development activities, universities, educational institutions and similar institutions. Other duties are possible within the rules and with the approval of the Board of Directors. The provision of paragraph 1 of Article 396 of the Turkish Commercial Code is reserved.
- 5.6 The Board of Directors is authorised to take decisions on all matters, including mortgages on real estate, which are not specifically delegated to the General Assembly by the Law and these Articles of Association.
- 5.7 The Board of Directors shall annually elect from among its members a Chairman and at least one Deputy Chairman to act in his/her absence, as well as an Executive Director. The remuneration of the Managing Director shall be determined by the Board of Directors.
- 5.8 Pursuant to Article 367 of the Turkish Commercial Code, all or part of the management duties may be delegated to the Managing Directors who are members of the Board of Directors, or "Management", in whole or in part, by a policy. "Management" refers to the team consisting of the General Manager, his assistants, managers, assistants and persons with similar titles other than the entire Board of Directors. The non-transferable duties and authorisations in Article 375 of the Turkish Commercial Code and other articles are reserved.
- 5.9 The Corporate Governance Principles required by the Capital Markets Board shall be complied with. Transactions and decisions of the Board of Directors taken without complying with the mandatory principles shall be invalid and deemed to be contrary to the Articles of Association.
- 5.10 The regulations of the Capital Markets Board on corporate governance shall be complied with in transactions deemed to be material in terms of the application of the Corporate Governance Principles and in all related party transactions of the Company and in transactions regarding the provision of guarantees, pledges and mortgages in favour of third parties.
- 5.11 The number and qualifications of the independent members of the Board of Directors shall be determined in accordance with the regulations of the Capital Markets Board on corporate governance.

6. Committees of the Board of Directors

- 6.1 In order to fulfil the duties and responsibilities of the board of directors in a healthy manner, committees determined in accordance with the Turkish Commercial Code and capital markets legislation are established.
- 6.2 Duties, working principles and members of the committees are determined by the board of directors. The committees established by the resolution of the Board of Directors of the Company and obligatory to be established within the scope of the legislation in force are as follows;

6.2.1 Audit Committee

It fulfils the duties stipulated for the audit committee in the Capital Markets Legislation. The Committee oversees the Company's accounting system, financial reporting, public disclosure of financial information, independent audit and the functioning and effectiveness of the Company's internal control and internal audit system. The Committee consists of at least two members elected among the independent members of the Board of Directors of the Company. The chairman of the Committee is elected among the independent members of the Board of Directors. The Chief Executive Officer and General Manager cannot take part in the Committee.

Selection of the independent audit firm, preparation of independent audit contracts and initiation of the independent audit process and the work of the independent audit firm at every stage are carried out under the supervision of the committee. The committee determines the independent audit firm and the services to be provided by them and submits them to the approval of the board of directors.

The Committee examines and finalises the complaints received by the Company regarding the Company's accounting and internal control system and independent audit.

It determines the methods and criteria to be applied for the evaluation of the notifications of the company employees regarding the accounting and independent audit of the company within the framework of the confidentiality principle.

The Committee notifies the board of directors in writing, together with its own assessments, its assessments regarding the accuracy and compliance of the annual and interim financial statements to be disclosed to the public with the accounting principles followed by the Company, taking the opinions of the responsible managers and independent auditors of the Company.

The Committee may invite the executives it deems necessary to its meetings and receive their opinions. The Committee may benefit from the opinions of independent experts on the issues it deems necessary in relation to its activities and may appoint consultants in this regard. The cost of the consultancy services required by the Committee shall be covered by the Company.

The Committee convenes at least four times a year, at least once every three months for the effectiveness of the work. It puts all its work in writing and keeps a record of it. It submits the information about its activities and meeting results to the Board of Directors as minutes and presents the decisions taken to the Board of Directors.

6.2.2 Corporate Governance Committee

The Committee monitors the Company's compliance with Corporate Governance Principles. The Committee determines whether the corporate governance principles are applied or not, if not, the reasons for not applying them, and the conflicts of interest arising from the failure to fully comply with these principles, and makes suggestions to the Board of Directors to improve corporate governance

practices. It also fulfils the duties of Nomination Committee and Remuneration Committee within the scope of the Communiqué.

The Committee consists of at least two members elected among the members of the Board of Directors of the Company. The chairman of the Committee is elected among the independent members of the Board of Directors. The Chief Executive Officer and General Manager cannot take part in the Committee. If the Committee consists of two members, both of them, and if there are more than two members, the majority of the members shall be non-executive members of the Board of Directors.

The Committee may invite the manager it deems necessary to its meetings and receive their opinions. The Committee may benefit from the opinions of independent experts on the issues it deems necessary in relation to its activities and may appoint consultants in this regard. The cost of the consultancy services required by the Committee shall be covered by the Company.

The Committee convenes at least four times a year or more frequently if necessary. The Committee oversees the work of the Investor Relations Department.

It supports the preparation of the "Corporate Governance Compliance Report" to be included in the annual report and disclosed to the public, and checks whether the information contained in the annual report is accurate and consistent with the information available to the Committee.

The Corporate Governance Committee, which undertakes the duty of the Nomination Committee

As stated in the Corporate Governance Communiqué, the Board of Directors carefully evaluates the candidate proposals for independent membership, including those of the management and shareholders, whether the candidate meets the independence criteria in accordance with the Capital Markets legislation, and submits its assessment to the Board of Directors for approval with a report.

The Corporate Governance Committee, which undertakes the duty of the Remuneration Committee

The Committee fulfils its duty of determining the principles, criteria and practices to be used in the remuneration of the members of the board of directors and executives with administrative responsibilities by taking into consideration the long-term goals of the company and supervising them. In addition, the Committee resolves at the committee meeting to determine and submit to the board of directors its proposals on the principles of remuneration of board members and senior executives and the criteria that may be used in remuneration, and submits its report and proposals to the board of directors for approval.

6.2.3 Early Detection of Risk Committee

The Early Detection of Risk Committee carries out activities to identify risks that may jeopardise the existence, development and continuity of the Company, to establish crisis prevention models and management systems, to identify and detect risks, to implement necessary measures against risks and to manage risks. The Early Detection of Risk Committee consists of at least two members elected by the Company's Board of Directors from among its members. The Chairman of the Committee is elected by the Board of Directors from among the Independent Members of the Board of Directors. The Chief Executive Officer and General Manager cannot take part in the Committee.

The Committee works on a meeting basis. The Committee convenes at least 6 times a year at the Company headquarters for the efficiency of its activities. Committee members are reappointed every year at the first meeting of the Board of Directors to be held after the ordinary general assembly meeting. When any member of the Committee leaves his/her position, a new member is appointed to complete the term of office of the departed member.

The Committee may invite the manager it deems necessary to its meetings and receive their opinions. The Committee may benefit from the opinions of independent experts on the issues it deems necessary in relation to its activities and may appoint consultants in this regard. The cost of the consultancy services required by the Committee is covered by the Company.

The Early Detection of Risk Committee carries out its activities directly reporting to the Board of Directors. All kinds of resources and support required for the Committee to fulfil its duties are provided by the Board of Directors.

The Committee reviews the Company's risk management systems at least once a year and oversees the realisation of risk management practices in accordance with the Committee's decisions.

7. Representation and Binding of the Company

- 7.1 The management and representation of the Company against outsiders belongs to the Board of Directors. In order for all documents to be issued and contracts to be concluded by the Company to be valid, they must bear the signatures of two persons authorised to sign on behalf of the Company and placed under the official title of the Company.
- 7.2 Authorised signatories and their degrees shall be determined by a resolution of the Board of Directors.
- 7.3 Pursuant to Article 370(2) of the Turkish Commercial Code, the Board of Directors may delegate the representation authority to its members and/or the Managing Director and/or managers who are not members of the Board of Directors. In this case, the names of the current duties of the company, the descriptions of these duties, their places of duty and the duties and titles to which they are attached shall be specified in the signature circular.

8. Prohibitions on Managers

- 8.1 In the event that the members of the board of directors are not independent according to the criteria determined by the Board of Directors, they are obliged to notify this matter to the board of directors together with the reasons thereof and to record this matter in the minutes of the meeting.
- 8.2 The members of the board of directors are obliged to comply with Article 393 of the Turkish Commercial Code titled "Prohibition of Participation in Negotiations". Article 393 of the Turkish Commercial Code titled "Prohibition of Participation in Negotiations".
- 8.3 The members of the board of directors, general manager and managers may not carry out any transaction with the company, personally or indirectly, on behalf of themselves or others or on account of others, without obtaining permission from the general assembly.

9. Final Provisions

- 9.1 This Policy was adopted by the Board of Directors of Yünsa Yünlü Sanayi ve Ticaret Anonim Şirketi on 24 November 2023.
- 9.2 For matters not regulated in this policy, the provisions of the Articles of Association, the TCC and all relevant secondary legislation shall apply. This policy may be amended in whole or in part at any time by a resolution of the Board of Directors, except for the matters and articles exclusively authorised to the Board of Directors by the Articles of Association of the Company and the Turkish Commercial Code.