

Cengiz Holding A.Ş.

**Systematic Risk
Analysis Policy**

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1. Objective

The objective of the Systematic Risk Analysis Policy ("**Policy**") is to determine the general principles regarding the compliance risk analysis studies of Cengiz Holding A.Ş. and its Group Companies ("**Cengiz Holding**", "**Holding**" or "**Group**").

2. Definitions

If the terms, words, and expressions used in the policy have not been defined under this title, their meanings shall be taken from the applicable laws, regulations, and sectoral meanings.

Compliance Risk: It is the occurrence of any action that may be contrary to the laws and regulations, internal policies and procedures, contractual provisions, and voluntary commitments.

Third Party: Shall refer to the supplier, contractor, subcontractor, dealer, distributor, broker or all representatives and consultants acting on behalf and on account of the Holding.

3. General Principles

Taking into consideration the national legislation and international conventions which the organizations are subject to within the framework of the activities carried out, defining the compliance risks that organizations may be exposed to is a very important factor in determining the risks of enterprises against possible losses they may encounter and in managing the relevant risks. In this context, Cengiz Holding shall determine the compliance risks within the framework of all legislation and international standards which has an impact on its side within the scope of its activities and will establish the necessary control environment for such risks.

The Compliance Risk assessment process, which is carried out periodically, enables the activities to be performed more safely by identifying the risks that the Holding may face as well as the risk-mitigating controls available in the processes, whether these controls are operating effectively as well as the additional actions to be taken.

All business units shall be involved in the process by identifying the risks and controls of their own processes as the first step in the Compliance Risk assessment process. Unit managers shall be responsible for taking measures to mitigate the risks in areas bearing high risk but with insufficient control environment, creating and implementing action plans in this regard. Cengiz Holding Legal Department shall be responsible for the coordination, information, follow-up, and finalization of this whole process between the units.

In order to better understand the risks that the units may be exposed to and the related controls, applications such as surveys, workshops, face-to-face interviews, etc. can be carried out by the Legal Department.

Compliance is a process that goes through a risk assessment process. For this reason, any changes that may affect risk and control assessments during the year should be included in the compliance risk assessment study.

4. Determination of Compliance Risks

It is primarily the responsibility of the process owners to determine the compliance risks of the Holding. For this reason, employees identify the compliance risks they may encounter during their routine operations and take the necessary measures to mitigate these risks.

As a result of all workshops and interviews to be held by the Legal Department and the unit managers to determine the risks, the compliance risks that the Holding may be exposed to shall be determined and these risks will be consolidated by the Legal Department for the Holding. The following topics should also be considered while determining the risks:

- The location where the institution operates
- The sector where activities take place
- Applicable regulatory legislation
- Market competition
- Potential customers and business partners
- Relations with foreign states and government officials
- Relationships with third parties
- Gift, hospitality, donation, and sponsorship activities
- Reports received from the notification mechanism
- Anti-bribery and anti-corruption
- Laundering proceeds of crime
- Economic sanctions
- Confidentiality of information
- Human rights
- Environmental protection

5. Evaluation of Compliance Risks

After determining the compliance risks, the risks will be required to be evaluated regularly to detect the probability of their occurrence, the extent of their impact in case of occurrence, the effectiveness of the existing controls to mitigate the risks and whether there is a requirement for additional control.

When assessing compliance risks and the relevant control environment, the issues, including but not limited to the following, should be considered:

- Currently monitored compliance risks
- Risks becoming prominent during the year
- Employee awareness and training requirement
- Effectiveness of existing controls in mitigating the risks
- Compliance breaches that have occurred
- Risks related to third parties
- Penal sanctions applied and that may be applied
- Internal/external/regulatory audit findings
- Policy, procedure requirement

In order to manage the risk assessment work effectively and efficiently, each risk should be evaluated by discussing with the process owners at all times.

A risk assessment matrix will be created during the risk assessment process and the processes shall be classified according to the degree of impact and probability and the necessary actions shall be taken according to this classification.

While evaluating the likelihood of the risks related to the activities of Cengiz Holding, the current control environment, the availability of policies and procedures as well as their compliance with the current legislation, the awareness of the personnel and the level of training should be taken into consideration. At the stage of calculating the potential effects in case of occurrence of risks, the legal, financial, reputation, customer satisfaction and their effects on the operations should be evaluated.

Main Process	Sub Process	Effect					Probability					Risk Score
		1	2	3	4	5	1	2	3	4	5	a x b

After the risk score calculation to be made in the main process-sub-process breakdown, the relevant risks shall be prioritized according to the table below.

Risk Scale	Score Scale	Explanation of Risk
Critical Level	$20 < (a \times b) \leq 25$	Urgent action should be taken
High Risk	$16 < (a \times b) \leq 20$	Required measures to be taken in the short term
Moderate Risk	$9 < (a \times b) \leq 16$	Risk mitigation activities to be planned in the medium term
Low Risk	$4 < (a \times b) \leq 9$	Should be reviewed regularly
Insignificant Level	$0 < (a \times b) \leq 4$	Acceptable risks not requiring additional action

After the determination of the risk scores of the processes, the actions to be taken should be determined starting from the process with a high level of importance in the risk scale and assigned to the relevant persons.

Monitoring Compliance Risks

While fulfilling their duties and responsibilities, employees track and monitor the risks that may arise. Situations such as the emergence of a new risk, the disappearance of an existing risk, the decrease in the risk-mitigating effectiveness of the controls, the emergence of the requirement for additional control and the occurrence of violations will be communicated to the Legal Department. The Legal Department will provide guidance to the Holding's risk assessment activities and monitor whether the processes are properly performed or not.

In parallel with each new risk identified during the monitoring phase, actions such as updating policies or procedures, changing control processes, organizing trainings, informing employees, and technological developments can be taken.

6. Authorities and Responsibilities

All Cengiz Holding employees shall be obliged to comply with this Policy and if they witness a situation contradicting the rules mentioned in the Policy, the situation must be forthwith reported to the

- Legal or
- Business Development

departments.

The Legal and Business Development Departments shall be responsible for communicating the requirements of this Policy to the employees and creating an internal control environment where the employees act in accordance with the Policy.

If the legal regulations under this Policy in the countries where Cengiz Holding operates are stricter than those of the Policy, the relevant legal regulations should be considered.

If the policy is not abided by, employees may face various disciplinary penalties, which may include termination of employment.

7. Revision History

This Policy has been approved and entered into force with the relevant Board of Directors Decision of the Company and it will be the joint responsibility of the Legal and Business Development Departments to periodically update the Policy in line with the changing legislation and Group processes.

Revision	Date	Description
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