INTERNAL DIRECTIVE
ON THE WORKING PRINCIPLES OF THE BOARD OF DIRECTORS

ARTICLE 1: PURPOSE AND SCOPE

The purpose of this Internal Directive is to establish the working principles and procedures of the Board of Directors of Koton Mağazacılık Tekstil Sanayi ve Ticaret Anonim Şirketi in accordance with the Turkish Commercial Code, the Capital Markets Law, the applicable legislation, and the provisions of the Articles of Association.

ARTICLE 2: BASIS

This Internal Directive has been prepared on the basis of the regulations of the Capital Markets Board, the Turkish Commercial Code, and other applicable legislation governing meetings of the Board of Directors.

ARTICLE 3: DEFINITIONS

a) Company: means Koton Mağazacılık Tekstil Sanayi ve Ticaret Anonim Şirketi;

b) Articles of Association: means the Articles of Association of the Company;

c) Board: means the Capital Markets Board;

d) Meeting: means a meeting of the Board of Directors;

e) Meeting Chair: means the Chair of the Board of Directors, the Vice Chair of the Board of Directors, or, in their absence, the member of the Board of Directors elected to preside over the Meeting;

f) TCC: means the Turkish Commercial Code No. 6102, dated 13 January 2011; and

g) CML: means the Capital Markets Law No. 6362.

ARTICLE 4: COMPOSITION AND QUALIFICATIONS OF THE BOARD OF DIRECTORS

4.1. The Board of Directors consists of a total of 6 (six) members who meet the requirements of the Capital Markets Legislation in accordance with the Articles of Association. The minimum requirements under the applicable legislation regarding the number of executive and independent members shall be maintained on a continuous basis, taking into account the size of the Board of Directors.

4.2. Members of the Board of Directors may be elected from among both natural persons and legal entities.

4.3. Where a legal entity is appointed as a member of the Board of Directors, only one natural person shall be designated by that legal entity to act on its behalf, and such person shall be appointed together with the legal entity for registration and announcement. It shall be disclosed on the Company's website that the registration and announcement have been completed. The legal entity may attend Board meetings and exercise its voting rights only through such registered representative. The registered representative may be replaced by the legal entity at any time in accordance with the Turkish Commercial Code.

4.4. Members of the Board of Directors and the representative of a legal entity serving as a Board member shall have full legal capacity. Reasons for termination of membership shall constitute an impediment for re-election as well.

4.5. A sufficient number of independent members shall be elected to the Board of Directors in accordance with the principles governing the independence of Board members set out in the Corporate Governance Principles of the Capital Markets Board. The General Assembly shall ensure the election of the required number of independent members of the Board of Directors.

4.6. Members of the Board of Directors shall be nominated by the shareholders in accordance with the requirements set out in the Articles of Association and elected by the General Assembly.

ARTICLE 5: DUTIES OF THE BOARD OF DIRECTORS

5.1. The management of the Company and its representation and binding authority vis-à-vis third parties shall be exercised in accordance with the Board of Directors Internal Directive on Representation and Binding Authority, which has been registered with and published in the Turkish Trade Registry Gazette. The Board of Directors may, at any time, amend the Board of Directors Internal Directive on Representation and Binding Authority to reflect the circumstances prevailing during the relevant period. The Board of Directors is authorized to delegate, in whole or in part, the management of the Company to one or more members of the Board of Directors, to persons who are not shareholders, to executive directors appointed by it, or to one or more managers who are not required to be shareholders and who satisfy the qualifications prescribed by the capital markets legislation.

5.2. At its first meeting, the Board of Directors shall elect from among its members a Chair and a Vice Chair, who shall act as Chair in the absence of the Chair.

5.3. The Board of Directors shall establish committees in accordance with the capital markets legislation in order to perform its duties more effectively. The scope of authority, working principles, and membership of the committees shall be determined by the Board of Directors. The duties and working principles of the committees are set out in Article 9 of this Internal Directive. The Board of Directors shall have the authority to amend the duties and working principles of the committees at any time in accordance with the capital markets legislation.

5.4. Administration (Management)

The Company is managed by the Board of Directors, while the day-to-day management of its affairs is carried out by the members of the Board of Directors entrusted with executive functions. Members of the Board of Directors vested with executive authority are designated in accordance with the Board of Directors Internal Directive governing representation and binding authority.

The Board of Directors shall appoint a General Manager and such number of Vice General Managers as may be necessary for the conduct of the Company's business.

The General Manager shall be responsible for managing the Company in accordance with the resolutions of the Board of Directors and the provisions of the Turkish Commercial Code, the Capital Markets Law, the communiqués of the Capital Markets Board, and other applicable legislation. The General Manager may be appointed by the Board of Directors for a term extending beyond the term of office of the Board of Directors. Such appointment shall be made at the discretion of the Board of Directors, taking into consideration factors such as the Company's needs and the General Manager's experience, expertise, and performance. The General Manager shall work in close cooperation with the Board of Directors in achieving the Company's strategic objectives and ensuring the efficient conduct of its day-to-day operations.

5.5. Representation and Binding

The Board of Directors shall exercise the Company's representation and binding authority in accordance with the Board of Directors Internal Directive, which has been prepared to reflect the prevailing circumstances of the relevant period and registered with the Trade Registry Directorate. The Board of Directors may also, in accordance with the applicable legislation, delegate the authority to represent the Company to one or more managers or the General Manager, or to third parties who are not shareholders of the Company.

ARTICLE 6: TERM OF OFFICE OF THE BOARD OF DIRECTORS

6.1. Upon the expiry of their term of office, members of the Board of Directors may be re-elected. Vacancies shall be filled by the General Assembly through the election of persons who satisfy the requirements prescribed by the Turkish Commercial Code and the capital markets legislation, constituting the new Board of Directors. In electing such members, the General Assembly shall take into account the qualifications prescribed under the applicable legislation and shall ensure that the Board of Directors is duly constituted.

6.2. If a vacancy arises on the Board of Directors before the expiry of a member's term of office for any reason, the Board of Directors shall appoint a person who satisfies the requirements prescribed by the TCC and the capital markets legislation to fill the vacant seat, subject to the approval of the first General Assembly to be held thereafter.

A member appointed to fill a vacant seat shall serve for the remainder of the predecessor's term of office. If the departing member is an independent member of the Board of Directors, the same procedure shall apply, provided that the replacement member satisfies the independence requirements prescribed under the capital markets legislation.

6.3. Members of the Board of Directors may be removed from office by the General Assembly at any time.

ARTICLE 7: MEETING PROCEDURES AND PRINCIPLES

Meetings of the Board of Directors shall be conducted in accordance with the TCC, the CML, the applicable legislation, and the provisions of the Articles of Association governing the Board of Directors.

7.1. Access to the Meeting Venue and Preparations

7.1.1. The following persons may attend the Meeting: members of the Board of Directors; such other persons as are considered appropriate by a majority of the members of the Board of Directors attending the Meeting; and a clerk, agreed upon by a majority of the Board of Directors, who shall be responsible for writing the resolutions of the Board of Directors and the minutes of the Meeting.

7.1.2. The Board of Directors shall be responsible for ensuring that the meeting venue is suitable for all members of the Board of Directors and that all materials, equipment, and other items required for the Meeting are available.

7.2. Notice of Meetings, Meeting Times, and Agenda

7.2.1. The Board of Directors shall meet as required or at such regular intervals as may be determined in advance, upon the notice of the Chair and/or the Vice Chair. Notice may be given by e-mail, confirmed facsimile, registered mail with return receipt requested, or by any other method approved by the Board of Directors. A majority of the members of the Board of Directors may also submit a written request to the Chair or the Vice Chair requesting that a meeting of the Board of Directors be convened. If, despite such written request, the Chair or the Vice Chair fails to convene the Board of Directors, the requesting members shall be entitled to convene the meeting themselves pursuant to Article 392/7 of the TCC. To ensure that all members receive the information and documents relating to the agenda items before the Meeting and are afforded sufficient time to review them, a meeting of the Board of Directors may be held no earlier than two (2) business days after the notice is given. Any member who considers the period between the notice and the Meeting to be insufficient may request that the Meeting be held at a later date. The Chair and the Vice Chair shall have the authority to decide on such request. The Board of Directors shall meet at least 8 times during each financial year.

7.2.2. Meetings of the Board of Directors shall, by default, be held at the Company's headquarters. However, upon the proposal of a member of the Board of Directors and pursuant to a resolution of the Board of Directors, a meeting may be held at a location other than the Company's headquarters.

7.2.3. Meetings of the Board of Directors shall be conducted in accordance with the agenda set out in the notice of meeting. The agenda shall be determined by the Chair of the Board of Directors after obtaining the views of the other members of the Board of Directors and the General Manager. Members may submit to the Chair matters that they wish to be included on the agenda. To facilitate the efficient conduct of the Meeting, members shall endeavor to notify the Chair of the Board of Directors of any matters they wish to discuss at least five (5) days before the Meeting. However, requests submitted after such period, as well as matters proposed for inclusion on the agenda during the Meeting, may also be considered, and the agenda may be amended by resolution of the Board of Directors.

7.3. Establishment of the Meeting Chairing Committee

7.3.1. The Meeting shall be chaired by the Chair of the Board of Directors or the Vice Chair of the Board of Directors. If neither the Chair nor the Deputy Chair is present at the Meeting, a meeting chairperson may also be elected from among the members by the majority vote of those present.

7.3.2. The deliberations of the Board of Directors shall be duly recorded by a clerk. Where a resolution is adopted on any matter being discussed, such resolution shall be set out in writing, signed, and entered in the Board of Directors' resolution book. Resolutions may be prepared either by hand or by computer or other appropriate means.

7.3.3. In performing his or her duties, the Meeting Chair shall act in accordance with the TCC, the CML, the applicable legislation, the Articles of Association, and the provisions of this Internal Directive.

7.4. Duties and Powers of the Chair of the Meeting

7.4.1. Opening, conducting, and closing the Meeting, and granting the floor to members wishing to speak

7.4.2. Ensuring that the minimum attendance requirement for the Meeting is satisfied and that resolutions are adopted in accordance with the quorum requirements prescribed by the TCC, the CML, and the Articles of Association

7.4.3. Reading, or having others read, the agenda and asking whether any member wishes to propose the addition of an item to the agenda

7.4.4. Permitting the addition of items to the agenda, or changes to the order of the agenda items, where approved by a majority of the members of the Board of Directors present at the Meeting

7.4.5. Ensuring that the minutes are prepared by the clerk in a manner demonstrating that all agenda items have been considered, ensuring that any objections are recorded in the minutes, and ensuring that the votes cast for and against the resolutions adopted at the Meeting are reflected in the minutes in a manner that leaves no room for doubt

7.4.6. Overseeing the procedures required for the registration and announcement of resolutions of the Board of Directors that are subject to registration with and announcement by the Trade Registry, and ensuring that such procedures are carried out by the persons designated for that purpose

7.5. Meeting and Resolution Quorum

7.5.1. The Board of Directors shall convene with the attendance of a majority of the number of members determined by the General Assembly. Resolutions shall be adopted by a majority of the members present at the Meeting. In the event of a tie, the matter shall be deferred to the next meeting. The proposal that receives a tie vote also at the next meeting is deemed to be rejected.

7.5.2. Each Board Member has only one vote. The voting right is exercised personally. Neither the Chair nor any member may vote by proxy on behalf of a member who is absent from the Meeting. Votes shall be cast either in favor of or against the proposed resolution. A member voting against a resolution shall state the reasons for such dissent below the resolution and sign it. Pursuant to Article 390(4) of the TCC, unless any member requests that a meeting be held, a resolution may also be adopted by obtaining the written consent of the other members to a proposal made by one of the members.

7.6. Electronic Meetings of the Board of Directors

Meetings of the Board of Directors may also be attended by electronic means pursuant to Article 1527 of the TCC. The Company may establish an Electronic Meeting System enabling members of the Board of Directors to participate in and vote at such meetings electronically, or it may procure such services from systems established for that purpose. At meetings held in accordance with this provision, members of the Board of Directors shall be allowed to exercise their rights prescribed under the applicable legislation within the framework set out in the relevant Communiqué.

ARTICLE 8: PROHIBITED TRANSACTIONS INVOLVING MEMBERS OF THE BOARD OF DIRECTORS

8.1. If the Members of the Board of Directors are not independent from the parties to the decisions of the Board of Directors according to the criteria to be determined by the Board, they shall be obliged to notify the Board of Directors thereof together with the grounds thereof and enter such information into the meeting minutes.

8.2. A Member of the Board of Directors may not participate in deliberations concerning matters in which the interests of the Company conflict with the member's own personal interests outside the Company or the personal interests outside the Company of the member's ascendants, descendants, spouse, or relatives by blood or marriage up to and including the third degree. This prohibition shall also apply where the Member of the Board of Directors is required, in accordance with the principle of good faith, to refrain from participating in the deliberations. In cases of doubt, the Board of Directors shall decide the matter. The member concerned may not participate in such vote. Even if the conflict of interest is unknown to the Board of Directors, the member concerned shall disclose it and comply with this prohibition.

8.3. In determination and implementation of the bans applicable to the managers, the mandatory principles of the Capital Markets Board's Corporate Governance Principles [1] and the relevant articles of the Turkish Commercial Code are complied with.

8.4. Members of the Board of Directors may undertake duties or positions outside the Company only to the extent permitted under the applicable legislation. Shareholders shall be informed at the General Assembly meeting of any duties or positions held by members of the Board of Directors outside the Company.

ARTICLE 9: COMMITTEES

In the performance of its duties and responsibilities, the Board of Directors shall be assisted by the Audit Committee, the Early Detection of Risk Committee, and the Corporate Governance Committee. The duties and working principles of these committees are set out on the Company's corporate website at https://kurumsal.koton.com.tr/yatirimci-iliskileri/kurumsal-yonetim/yonetim-kurulu-komiteleri-ve-komite-calisma-esaslari/. The members of the committees shall be appointed by the Board of Directors, in accordance with the capital markets legislation, from among the members of the Board of Directors or from among persons who are not members of the Board of Directors. Although the term of office of committee members is not subject to any limitation, a committee member who ceases to hold his or her principal position within the Company shall be deemed to have automatically ceased to be a member of the relevant committee. However, the expiry of a committee member's term of office followed by re-election, or the assumption of another position within the Company under a different title, shall not constitute cessation of the member's principal position for these purposes. The Board of Directors may, at any time and without stating any reason, remove persons serving on the committees or appoint them to another committee.

If, as a result of the removal or resignation of one or more committee members, the number of members of the relevant committee falls below the minimum number prescribed in the relevant Committee Duties and Working Principles, the Board of Directors shall appoint a replacement member. Otherwise, the appointment of a replacement member shall not be mandatory.

ARTICLE 10: FINAL PROVISIONS

10.1. This Internal Directive was adopted at the meeting of the Board of Directors of Koton Mağazacılık Tekstil Sanayi ve Ticaret A.Ş. held on __/__ /2025 and shall enter into force upon its adoption.

10.2. Matters not expressly governed by this Internal Directive shall be governed by the provisions of the Articles of Association, the capital markets legislation, the TCC, and, to the extent they do not fall within the non-delegable powers of the General Assembly under the TCC, the resolutions of the Board of Directors.

10.3. Except with respect to matters reserved to the exclusive authority of the General Assembly under the Articles of Association and the TCC, this Internal Directive may, at any time, be amended in whole or in part by a resolution adopted by a majority of the members of the Board of Directors.

- This Internal Directive was adopted and put into effect pursuant to the resolution of the Board of Directors dated 31 December 2025. Any amendments to the provisions of this Internal Directive governing the working principles and procedures of the Board of Directors shall be subject to the same procedure.

[1.] As of the date of adoption of this Internal Directive, Mandatory Principle No. 1.3.6 of the Corporate Governance Communiqué then in force provides as follows:

"1.3.6. Where shareholders exercising control over the management of the company, members of the board of directors, executives with administrative responsibility, or their spouses or relatives by blood or marriage up to and including the second degree enter into a material transaction that may give rise to a conflict of interest with the company or its subsidiaries, and/or carry out, on their own behalf or on behalf of another person, a commercial transaction falling within the scope of the company's or its subsidiaries' business activities, or become a partner with unlimited liability in another company engaged in the same type of commercial activities, such transactions shall be included on the agenda of the general assembly as a separate agenda item in order to provide detailed information to the general assembly, and shall be recorded in the minutes of the general assembly.