

## **WORKING PRINCIPLES OF THE AUDIT COMMITTEE**

### **1. FOUNDATION**

Audit Committee was established by Decision of Our Company's Board of Directors dated 24.04.2003 and numbered 503 and within the scope of provisions included in Capital Markets Board (CMB) regulations. Then, working principles of the Audit Committee were reviewed by the Decision of Board of Directors dated 26.04.2012 in accordance with improvements in the Capital Markets Board regulations. The last date of update of the principles is 28.03.2019.

### **2. PURPOSE**

The purpose is to disclose the operation of accounting and reporting systems in our company, to public within the framework of respective law and regulations and observe the operation and efficiency of independent audit and internal control system.

### **3. DUTIES AND RESPONSIBILITIES**

Duties of the Audit Committee are:

- To select the independent auditing institution, to determine the scope services to be received from the independent auditing institution, to commence the independent auditing process by drafting the audit contracts, and to observe works of the independent auditing institution at every stage,
- To assess independent auditor's status against independency criteria, its independency declaration and the additional services that might be purchased from independent audit institution,
- To assess findings to be notified by the independent audit institution and important points concerning the accounting policy and practices of Company, within the scope of independent audit process; alternative practice and public disclosure principles within the frame of the CMB's accounting standards and accounting principles, which were previously sent to the Company management by the independent auditor; probable causes of these and application proposal; and important correspondences with the Company management,
- To assess and finalize the complaints received by the Company concerning the Company's accounting, reporting, internal control systems and independent auditing processes; to determine the methods and criteria to be applied in terms of evaluating the notifications of the Company employees' with respect to accounting, reporting, internal control and independent audit, within the framework of confidentiality principle,
- To send in writing the Company's annual and interim financial statements to be disclosed to the public, with respect to the Company's accounting principles and compliance with the reality, to Board of Directors together with its own assessments, after receiving opinions of Company's responsible managers and independent auditors,
- To accomplish other tasks assigned/to be assigned to the Committee under CMB regulations and Turkish Commercial Code.

The committee advises the Board of Directors in writing or orally of its evaluations and recommendations on the abovementioned matters.

### **4. STRUCTURE AND MEMBERSHIP CRITERIA OF COMMITTEE**

- The Audit Committee consists of at least two members. Committee President and members shall be elected among independent Members of the Board of Directors.
- Upon election of the new Board of Directors in the Ordinary General Assembly, members of the Audit Committee shall be determined by the Board of Directors in parallel with the Board's term of office. Former committee members shall continue their duties until new committee members are elected.
- All kinds of resources and support necessary for the Committee to fulfill its duties shall be provided by the Board of Directors. The Committee may invite any manager it deems necessary and receive their opinions.
- The Committee may benefit from independent expert opinions with regard to its activities when needed. Costs of consultancy services required and needed by the Committee shall be borne by the Company.

## **5. SUB-COMMITTEES**

Sub-committees -consisting of persons to be selected among the Audit Committee's own members and/or externally and having enough experience and knowledge in the areas of financial reporting and independent audit- may be formed with the purpose of ensuring effectiveness of works and studies of the Audit Committee.

## **6. MEETINGS**

- The Audit Committee shall convene quarterly, hence four times a year; and results of the meeting shall be written in minutes and submitted to the Board of Directors. The Committee shall immediately submit its findings and recommendations regarding its own duties and responsibilities to the Board of Directors in writing .
- The Committee's decisions are advisory for the Board of Directors; and the final decision regarding the respective matter shall be made by the Board of Directors.
- The Committee shall ensure that the Board of Directors is informed about subjects within its authorization and responsibility.
- Quorum shall be absolute majority of total number of committee members.
- Meetings may be held in person or through electronic methods (on electronic media or via conference calls) without actually gathering. Actual meetings may be held in company's registered office or another place easily accessible by committee members. Minutes of meetings held through electronic methods without actually gathering shall be signed by the members of the Audit Committee. Moreover, committee decisions can also be taken through the circular decision method; decisions signed on the same or different papers by all members shall be valid.

## **7. REPORTING PROCEDURES**

- Committee decisions are maintained in a decision book.
- Meeting minutes are required to include at least the following:
  - o Date of meeting
  - o Agenda
  - o Information concerning the matters discussed in the meeting
  - o The decisions made
- Decisions deemed necessary by Committee shall be submitted to Board of Directors.
- Secretary of Board of Directors shall be responsible for preparing and retaining the reports. Meeting minutes prepared shall be archived following its submission to the Committee Members.

## **8. EFFECT**

These working principles of the Audit Committee were approved according to the Board of Directors' decision dated 28.03.2019. The Board of Directors is authorized to revise and update the aforementioned working principles when needed.