

WORKING PRINCIPLES OF AUDIT COMMITTEE

1. FOUNDATION

Audit Committee was established by Decision of Our Company's Board of Directors dated 26.12.2003 and within the scope of provisions included in Capital Markets Board (CMB) regulations. And then, working principles of Audit Committee was reviewed by Decision of Board of Directors dated 04.05.2012 and in accordance with improvements in the Capital Markets Board regulations. The latest update on principles were made on 25 March 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 Audit Committee are;

- To select independent auditing institution, determining the scope of services to be obtained from the independent audit organization commencement of 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, independency declaration and the additional services that might be purchased from independent audit institution,
- To assess determinations to be notified by independent audit institution and important points concerning the accounting policy and practices of Company, within scope of independent audit process; CMB's accounting standards notified by independent audit previously to Company management and alternative application and public disclosure options within the framework of accounting principles; probable causes of these and application proposal; and important correspondences with Company management,
- To assess and finalize the complaints received by Company concerning Company's accounting, reporting, internal control systems and independent auditing processes; to determine methods and criteria to be applied in terms of evaluating the notifications of Company employees' with respect to accounting, reporting, internal control and independent audit, within the framework of confidentiality principle,
- To notify accuracy and compliance of annual and interim financial statements to be disclosed to the public, with Company's accounting principles and 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 by CMB regulations and Turkish Commercial Code.

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

5. SUB-COMMITTEES

Sub-committees consisting of persons to be selected among 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 Audit Committee.

6. MEETINGS

- Audit Committee shall convene once every three months and therefore four times a year; and results of meeting shall be written to minute and submitted to Board of Directors. Committee shall immediately notify its determinations and recommendations concerning its own duties and responsibilities, to Board of Directors in written.
- Committee's decisions have the characteristics of advice to Board of Directors; and the final decision shall be made concerning the respective matter by Board of Directors.
- The Committee shall ensure notification of the Board of Directors in subjects within its authorization and responsibility.
- Quorum shall be absolute majority of total number of committee members.

- It is possible for the committee meetings to be held either online or through a conference call without physical meetings. Physical meetings may be held in company's headquarters or another place easily accessible by committee members. Minutes of meetings held either online or through a conference call without actually coming together are signed by the members of the Executive Committee. In addition, it is possible to obtain the decisions of the committees by passing from hand to hand, all of the members' decisions signed on the same or different papers are valid.

7. REPORTING PROCEDURES

- Committee decisions are maintained in decision book.
- Meeting minute is required to include at least those following:
 - o Date of Meeting
 - o Information concerning the matters evaluated in the meeting
 - o Decisions taken
- 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 minute prepared shall be archived following its submission to Committee Members.

8. EFFECT

These working principles of Audit Committee were approved by decision of Board of Directors dated March 25, 2019. Board of Directors is authorized to revise and update these aforementioned working principles, when needed.