

## **Auditing Committee**

An Auditing Committee, affiliated to the Board of Directors of the Company, was established upon Resolution dated 27/06/2005 as per Article 3 of Communiqué Series X, No. 19 of the Capital Market Board for efficient follow-up of the financial and operational activities. The auditing committee was established by the Board of Directors.

### **I-Purpose:**

The auditing committee was established in order to follow up of the operation and efficiency of the supervision and announcement to the public of the accounting system and the financial information of the Company.

The Auditing Committee makes recommendations to the Board of Directors in order to ensure that:

- Financial statements, footnotes and information regarding financial statements would be based on the accurate information as to reflect the real status of the Company; would be transparent and be issued and disclosed to the public in accordance with generally accepted accounting and international accounting standards.
- Independence status, specialization and performance of the independent auditor would be examined and presented to the Board of Directors for appointment.
- Activities of establishing internal control system and enhancing the supervision and efficiency of such system would be performed.
- The Company would comply with the existing legal arrangements.

### **II. Structure of the Auditing Committee**

Auditing Committee consists of 3 members. The chairman of the committee is Biltekin Özdemir, independent member elected in accordance with the independent criteria of Corporate Governance Principles of the Capital Market Board. In appointment of the chairman of the committee, care is taken to elect a person, who has been in charge of a similar position before, is able to analyze the financial tables, is familiar with the accounting standards and is highly qualified. Other members of the auditing committee, Süleyman Uyan (working in execution) and Ali Ergin Şahin (not working in execution) have been appointed from among the members of the board of directors. Members in the Auditing Committee are not empowered in any other committee. During the activities of the auditing committee, opinions of the independent specialists may be obtained and the specialists may be engaged in the committee at the cost of the Company.

### **III- Term of Office of the Auditing Committee**

The Auditing Committee is appointed for a term of 1 year by the Board of Directors.

### **IV- Meetings of the Auditing Committee**

Meetings of the Auditing Committee are held at least four times in a year, as to be once in each quarter. A secretariat, affiliated to the Board of Directors, was assigned and empowered to keep and archive the meeting minutes of the Auditing Committee. The chairman of the committee presents the meeting summary and committee's activities to the Board of Directors at the end of each meeting.

### **V- Criteria regarding Persons to be Appointed to the Auditing Committee**

The persons having the following qualifications may be appointed to the Auditing Committee:

- University Degree

- At least one member having experience in accounting and finance management
- Ability to analyze the financial statements and reports (ability to read the financial statements)
- High ethical standards

The persons, who have offered advisory and consultancy services to the Company, may not be appointed to the auditing committee; however, they may be elected only to assist the auditing committee independent consultants.

#### **VI- Duties and Responsibilities of the Auditing Committee:**

- To ensure that the financial statements of the Company and information regarding these statements would be issued and prepared based on the international accounting standards and accurate information and would be disclosed to the public
- To discuss the changes, which may considerably affect preparation or issuance of the financial statements of the Company and occur in the activity period relating to implementations of accounting policies, public disclosure process and internal control system, with the managers, competent personnel from the independent auditing companies and internal auditing personnel and to report the important matters to the Board of Directors.
- To examine and conclude the complaints of the shareholders and interest holders relating to financial statements, internal control system and subject of activity of the Company. To inform the authorized persons from the independent auditing, internal auditing personnel and related persons on the matters, which may considerably affect the activities of the Company and to present the same matters to the Board of Directors in a report.
- To periodically overview the financial statements and to discuss with the independent auditing company the matters such as the accounting policies and principles, correspondences between the independent auditing company and the managers, which may considerably affect the financial tables, amendments of the laws and regulations and types and sizes of the off-balance sheet, which may considerably affect the activities of the Company and to present the generated opinions to the Board of Directors as enclosure to the independent auditing report.
- To elect the independent auditing company and present it to the Board of Directors for appointment.
- Appointment, replacement of the independent auditing company and follow-up and evaluation of its activities are under the responsibility of the Auditing Committee. To analyze the work plan, definition of the services to be obtained, number and adequacy of the personnel, number of the customers and its distribution in the sectors, its international experience and independence and to issue an evaluation report thereupon and to present the same for information and assessment of the Board of Directors.
- The independent auditing company informs the Auditing Committee on the important points relating to accounting policies and implementations, alternative implementations and choices of public announcement, which have been transmitted before to the management of the corporation under the generally accepted accounting principles, possible consequences of the same and implementation recommendation and correspondences regarding the Company management.
- To approve any and all remuneration and compensation of the independent auditing company relating to auditing of the Company.
- To ensure efficient operation of the independent auditing activity.
- To form express and clear rules regarding election of the independent auditing company and the auditors.
- To follow up activities of the internal control system and to ensure its efficient operation.
- To ensure that the internal auditing would be carried out in an adequate and transparent manner.

- To examine, evaluate the internal auditing report issued by the internal auditing department and presented to the Auditing Committee and to present opinions to the Board of Directors.
  - To define authorities and responsibilities together with the managers and internal auditing department and to exchange information on annual budget, organizational structure and personnel.
  - The auditing committee is promptly informed in cases of important events, encountered during the internal auditing studies and in internal control system operation.
  - To follow up risk management function of the Company and to negotiate with the managers regarding available and potential financial activity, operational and legal risks of the Companies.
  - To issue and present to the Board of Directors a Risk Management Report on the measures taken or considered to be taken against the existing and potential risks in compliance with the risk management policy of the Company.
  - To observe and ensure compliance with the legal arrangements in the Company and bylaws of the Company
  - The Auditing Committee is informed by the relevant units on follow-up of the liabilities anticipated by the laws and regulations.
  - To ensure adaptation of the changes made in the legal arrangements relating to the company's activities for the structure of the Company.
  - To examine and conclude complaints, important to the extent that they may affect the financial statements of the Company and the financial statements, which may be brought by the shareholders and interest holders relating to the internal control system. To form the necessary infrastructure for transmission and evaluation of these complaints to the auditing committee.
  - To present opinions to the Board of Directors relating to the financial statements and footnotes in the annual report.
  - To ensure compliance with the inter-company arrangements, ethical rules and policies, which prevent the interest conflicts which may arise between the members of the Board of Directors, managers and other employees and arrangement of the information in the form of commercial secrets.
- To revise and evaluate the operability, performance and conformity with the work plan of the committee, at least once a year. To present the results of the evaluation to the Board of Directors. The Committee at the same time evaluates the deficiencies relating to the principles of this work plan annually and presents to the Board of Directors recommendations for changes.

## **Working Principles of Auditing Committee**

### **Duties and Responsibilities of the Auditing Committee**

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- To approve any and all remuneration and compensation of the independent auditing company relating to auditing of the Company.
- To ensure efficient operation of the independent auditing activity.
- To form express and clear rules regarding election of the independent auditing company and the auditors.

- To follow up activities of the internal control system and to ensure its efficient operation.
- To ensure that the internal auditing would be carried out in an adequate and transparent manner.
- To examine, evaluate the internal auditing report issued by the internal auditing department and presented to the Auditing Committee and to present opinions to the Board of Directors.
- To define authorities and responsibilities together with the managers and internal auditing department and to exchange information on annual budget, organizational structure and personnel.
- The auditing committee is promptly informed in cases of important events, encountered during the internal auditing studies and in internal control system operation.
- To follow up risk management function of the Company and to negotiate with the managers regarding available and potential financial activity, operational and legal risks of the Companies.
- To issue and present to the Board of Directors a Risk Management Report on the measures taken or considered to be taken against the existing and potential risks in compliance with the risk management policy of the Company.
- To observe and ensure compliance with the legal arrangements in the Company and bylaws of the Company.
- The Auditing Committee is informed by the relevant units on follow-up of the liabilities anticipated by the laws and regulations.
- To ensure adaptation of the changes made in the legal arrangements relating to the company's activities for the structure of the Company.
- To examine and conclude complaints, important to the extent that they may affect the financial statements of the Company and the financial statements, which may be brought by the shareholders and interest holders relating to the internal control system. To form the necessary infrastructure for transmission and evaluation of these complaints to the auditing committee.
- To present opinions to the Board of Directors relating to the financial statements and footnotes in the annual report.
- To ensure compliance with the inter-company arrangements, ethical rules and policies, which prevent the interest conflicts which may arise between the members of the Board of Directors, managers and other employees and arrangement of the information in the form of commercial secrets.
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