

RULES OF PROCEDURES OF THE AUDITING COMMITTEE

1. ESTABLISHMENT

An Auditing Committee has been established as per the regulations issued by Capital Markets Board (CMB) at the Meeting of Board of Directors of our Company on 25.04.2003. The rules of procedures for the Auditing Committee have been reviewed based on the revisions on the regulations issued by the Capital Markets Board as per the Board Decision dated 07.05.2012 and lastly updated on 19.03.2019 as follows.

2. PURPOSE

To supervise the company in terms of compliance of the accounting and reporting systems with the related laws and regulations and effectiveness and efficiency of the procedures for submittal of financial data to the public, independent auditing and internal control systems.

3. TASKS AND RESPONSIBILITIES

Tasks of the Auditing Committee;

- Selecting the independent auditing company, determining the scope of the services to be provided by the independent auditing company, arranging the independent auditing contracts, starting the independent auditing process and supervising the independent auditing company at all stages.
- Assessing the independent auditor in terms of the independence criteria, declaration of independence and additional services which may be provided by the independent auditing company.
- Assessing the determinations submitted to the Committee by the independent auditor, important issues regarding the accounting principles and applications of the corporation, alternative options for applications and publicizing process within the frame of accounting standards and accounting principles submitted to the Company by the independent auditor; their potential results and recommendations of implementation and the correspondence with the corporation management.
- Reviewing and concluding the complaints submitted to the Company regarding the Company's accounting, reporting and internal control systems and the independent auditing process and determining the methods and criteria relating to the assessment of notifications by the Company employees on accounting, reporting, internal control and independent auditing within the frame of confidentiality principle.
- Submitting a written report to the Board of Directors, which includes the opinions of the Company managers and independent auditors along with the assessments of the Committee regarding the compliance of annual and interim financial tables to be publicized with the Company's accounting principles and their accuracy.
- Performing other tasks which are/may be assigned to the Committee by CMB regulations and Turkish Commercial Code.

The Committee will submit its assessments and recommendations on the aforementioned issues in writing to the Board of Directors.

4. STRUCTURE OF THE COMMITTEE AND MEMBERSHIP CRITERIA

- The Auditing Committee consists of minimum two members. Members and chairman of the Committee will be selected from the independent members of the Board of Directors.
- When the new members of the Board of Directors are selected at the ordinary general assembly, the Board of Directors will determine the members of the Auditing Committee based on the assignment term of the Board of Directors. The old members of the committee will continue to be assigned until a new one is selected.
- Resources and support required by the Committee to fulfill its responsibilities will be provided by the Board of Directors. The Committee can invite the managers to ask for their opinions as necessary.
- The Committee will take the opinions on independent experts regarding the activities as necessary. The Company will cover the expenses related with the consultancy services required by the Committee.

5. COMMITTEE SUB GROUPS

The Auditing Committee can establish sub work groups consisting of committee members and/or other experts with sufficient experience on financial reporting and independent auditing as necessary, with the purposes of ensuring the efficiency of its works.

6. MEETINGS

- The Auditing Committee will conduct minimum four meetings a year, with maximum three-month intervals, and keep the minutes of the meetings and submit them to the Board of Directors. The Committee will submit its assessments and recommendations related with its assigned position to the Board of Directors immediately in written.
- The decisions by the Committee are considered as recommendations to the Board of Directors and the Board of Directors is the final decision-maker.
- The Committee will ensure that the Board of Directors is informed regarding the issues related with its assigned position.
- Meeting and decision quorum is the absolute majority of the committee members.
- Committee meetings may be held physically or through electronic means (electronically or by conference call) without physical meeting. Physical meetings will be conducted at the company headquarters or any other location easily accessible by the committee members. The minutes related to the meetings held through electronic means without physical meeting will be signed by the members of the Auditing Committee. Additionally, the committee decisions can also be taken by circulation of the decision, and the decisions signed by all members on the same or different papers will be valid.

7. REPORTING PROCEDURES

- Committees' decisions will be recorded in books which will be kept by the Committee.
- The minutes of the meeting will include the following as a prerequisite:

- Date of the meeting
 - Agenda
 - Information on the issues evaluated at the meeting
 - Decisions made
- Decisions deemed required by the Committee will be submitted to the Board of Directors.
 - Board of Directors' secretariat will be responsible for creating and storing the reports. The minutes of the meeting will be submitted to the information of Committee Members and archived.

8. EFFECTIVENESS

These rules of procedures for the Auditing Committee have been approved by the Board Decision dated 19.03.2019. The Board of Directors is authorized to review and update these rules of procedures as necessary.