

PRINCIPLES OF DUTY AND FUNCTION OF AUDIT COMMITTEE

1. FOUNDATION

Audit Committee was established in the meeting of Board of Management of our Company on May 6th, 2003 in accordance with the terms given in the arrangements of Capital Markets Board (CMB).

Activity principles of Audit Committee by the decision taken in meeting of the Board of Management on May 31st, 2012 was reviewed and revised as below in accordance with the improvements in the arrangements of Capital Markets Board.

2. OBJECTIVE

The objective is to disclose operations of accounting and reporting systems in our Company and financial information within the context of related laws and arrangements and to supervise operation and activity of independent audit and internal control systems.

3. DUTIES AND LIABILITIES

The duties of Audit Committee are:

- To choose independent audit organization, to initiate independent audit process by preparing independent audit agreements and to observe activities of independent audit organization at every level;
- To evaluate the status of independent auditor against independency criteria, the independency statement and additional services that may be received from independent audit organization;
- To evaluate determinations reached by independent audit organization and submitted to the Committee within the context of Independent Audit and significant issues related with accounting policy and practices of the joint venture; alternative practice and disclosure options within the context of accounting standards and accounting principles of CMB submitted to Company management by independent auditor previously; their possible outcomes and practice recommendation; and significant correspondence with the management of joint venture;
- To evaluate and conclude complaints entered to the Company about accounting, reporting and internal control systems of the Company and independent audit processes, and to determine methods and criteria to be applied for evaluating the notifications of company employees about accounting, reporting and internal control systems of the Company and independent audit topics within context of the privacy principle;
- To audit whether annual and interim period financial tables to be disclosed and accounting principles followed by the Company are consistent with current regulation and international accounting standards and to notify the Board of Management in written together with the opinions of responsible executives of Company and independent auditors as well as the opinion of the Committee for the authenticity and accuracy;
- To perform other duties given/to be given to the Committee by CMB arrangements and Turkish Labor Act.

The Committee submits its consideration and recommendations about the issues expressed above to the Board of Management in written or verbally.

4. COMMITTEE STRUCTURE AND MEMBERSHIP CRITERIA

- Audit Committee consists of at least two members. Committee chairman and members are chosen among independent Board of Management members.
- When new Board of Management is assigned for duty in ordinary meeting of the general assembly, members of Corporate Management Committee are assigned in parallel to the duty period of related Board of Management. Former committee members hold over until new members are assigned.
- All kinds of source and support which are required by Committee to maintain carrying out their duties are provided by the Board of Management. The Committee may invite any required executive and internal and independent auditors to the meeting and receive their opinions.
- The Committee benefits from opinions of independent experts on required fields associated with the activities. The cost of consultancy services required by the Committee is met by the Company.

5. SUB-COMMITTEES

The Audit Committee may establish sub-committees consisting of people who have sufficient experience and knowledge on financial reporting and independent audit fields to be chosen among the members and/or those from outside the Company in order to provide efficiency in the activities of Audit Committee.

6. MEETINGS

- Audit Committee meets four times a year as at least every three month and meeting conclusions are written to the meeting minute and submitted to the Board of Management. Determination and recommendations of the Committee about its own duty and responsibility fields are notified to the Board of Management in written immediately.
- Decisions of Committee are advisory to the Board of Management and ultimate decision maker is the Board of Management on related topics.
- The Committee ensures the Board of Management to be informed on topics under its authority and responsibility.
- The quorum for meeting and decision is the absolute majority of total members of the Committee.
- Meetings may be held in headquarters or any other place which is easy to access by Committee members.

7. REPORTING PROCEDURES

- Committee decisions are held in each minute book to be kept for the Committee.
- At least, following issues should be kept in meeting minutes:
 - Place and time of meeting
 - Agenda
 - Information on topics to be discussed in meeting
 - Decisions taken
- Decisions considered as necessary by the Committee are submitted to the Board of Management.
- The secretariat of the Board of Management is responsible to prepare and keep reports. Prepared meeting minute is archived after submitting to Committee members.

8. ENFORCEMENT

These activity principles of the Audit Committee has been approved by the Decision of the Board of Management dated May 31st, 2012. It is under the authority of the Board of Management to revise and update activity principles when required.