

## **DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE**

### **I. PURPOSE and SCOPE**

**Article 1-** The purpose of this regulation is to lay down the duties and responsibilities of the Audit Committee (Committee) to be formed by Tekfen Holding A.Ş. (Company) Board of Directors.

The Committee will help the Board of Directors in overseeing the functioning and effectiveness of the Company's accounting system, public disclosure of financial data, independent audit and internal control system in compliance with the capital markets legislation and the provisions of this regulation and will report issues it has observed as a result of its evaluations to the Board of Directors.

### **II. LEGAL BASIS**

**Article 2-** This document has been developed based on the regulations, provisions and principles included in the Capital Market Legislation and the Capital Markets Board Corporate Governance Principles.

### **III. ORGANISATION**

#### **Establishment**

**Article 3 -** The Committee is formed and mandated by the Board of Directors. The Committee may also resort to independent experts' opinions on issues it deems necessary based on its area of operations. The cost of the consulting services required by the Committee which is responsible for oversight is met by the Company.

Committee is formed by the Board of Directors after the Annual General Meeting each year.

The Committee acts within its mandate and makes recommendations to the Board of Directors but the responsibility of the Committee does not revoke that of the Board of Directors emanating from the Turkish Commercial Code.

The Committee has been authorised to invite Company employees, representatives of individuals or enterprises connected with the Company including the Company affiliates, internal or external auditors (Auditors) as well as experts to its meetings for their advice and counsel and to obtain external legal and professional consultancy as required.

#### **Membership**

**Article 4-** The Committee comprises at least two members elected from among the independent members of the Board of Directors of the Company.

## **Committee Meetings**

**Article 5-** The Committee meets at Company headquarters at least four times a year and at least every three months. The Committee meetings are scheduled in synch with the Board of Directors meetings as far as possible.

Decisions taken at Committee meetings are put in writing, signed by the Committee members and filed and maintained regularly.

The Committee submits in a report to the Board of Directors any observations and recommendations regarding its own area of responsibility.

## **IV. DUTIES AND RESPONSIBILITIES**

### **Independent External Audit**

**Article 6-** The Audit Committee takes the necessary precautions to ensure that independent external audit is carried out effectively, adequately and transparently. Within this framework, the selection of the independent audit body, the development of independent audit contracts and the initiation of the independent audit process and the work of the independent audit at every stage are carried out under the supervision of the Committee.

The independent audit firm from which the Company will receive services and the services to be rendered by this firm will be determined by the Committee and submitted to the Board of Directors for approval. In this framework, the Committee approves all fees and compensations regarding the audit of the Company by the independent external auditor.

The Committee reviews the scope and audit approach proposed by the independent external auditors, informs the Board of Directors about matters limiting or restricting its work and makes recommendations.

Before a proposal is made regarding the selection of the independent auditor, a report is prepared by the Committee ascertaining whether there are any matters that might impair the independence of the independent audit firm, taking into consideration the consulting services received from the independent audit firm.

The Committee ensures that important problems observed during the audits carried out by the independent external auditors and the relevant recommendations made by these are conveyed to and discussed by the Committee in a timely manner.

The independent audit firm submits to the Committee in writing, important issues concerning the Company accounting policy and practices; alternative practices and public disclosure options within the framework of international accounting standards conveyed earlier to the Company management; their probable consequences and implementation recommendations as well as important correspondence with the Company management.

The Committee may invite to its meetings managers, internal and external auditors it deems appropriate and get their advice and counsel. The Committee may also meet separately with independent external auditors and discuss topics the Committee or the auditors may wish to discuss specifically.

## **Internal Control**

**Article 7-** The Committee takes the necessary measures to ensure effective, adequate and transparent internal controls. To this end, it reviews the functioning and organisational structure of the Company internal control unit and makes recommendations to the Board of Directors about actions to be taken regarding establishing a robust internal audit infrastructure both within the Company and in its affiliates, about defining the mandate of the internal audit unit, putting the internal control processes in writing and about the functioning and supervision of the structure that is put in place.

The Committee reviews, evaluates the internal audit report developed by the Company internal audit unit and provides input to the Board of Directors. It also inquires whether warnings and advice given by the Auditors regarding internal control have been addressed.

The Committee is immediately informed of important incidents encountered during internal controls and in the functioning of the internal control system. The Committee informs the Board of Directors about matters limiting or restricting the work of internal auditors and makes recommendations to overcome these.

The Committee reviews the management's accountability regarding the Company's IT system's security and operation and the crisis action plans for transferring transactions to record files and safeguarding them in case the IT system is rendered inoperative.

The Committee develops recommendations to reveal wrongdoing, unlawful activity or discrepancies in internal control and similar areas. To this end, it reviews the Company's monitoring system for compliance with laws and regulations, its disciplinary action and the results of inquiries and investigations undertaken by the Company on these issues and makes recommendations to the management for necessary action.

## **Accounting System and Financial Reporting**

**Article 8-** The Committee audits compliance with the existing legislation and international accounting standards of the periodic financial tables and footnotes to be disclosed to the public, and following input from the officers of the Company responsible for these, sends a report to the Board of Directors.

The Committee reviews the annual report to be disclosed to the public and ensures that the information therein is true and consistent with the information in possession of the Committee.

The Committee reviews important accounting and reporting issues and legal matters and investigates their impact on financial tables.

## **Other Responsibilities**

**Article 9-** The Committee reviews and takes action on complaints lodged by shareholders and stakeholders regarding the Company financial tables, internal control system, independent audit system or Company activities. It is the Committee's duty to put in place the necessary mechanisms for the conveyance of such complaints to the Committee and their evaluation.

Results of audits and investigations undertaken by the regulating authorities are reviewed by the Committee and proposals regarding the necessary corrective action are submitted in writing to the Board of Directors.

It is the Committee's duty to oversee compliance with legal arrangements and Company By-Laws within the Company and to integrate with the Company structure any legal changes that have been made regarding the Company's activities. To this end, relevant units of the Company shall inform the Committee regarding the monitoring of legal obligations stipulated by legislation.

The Committee may initiate special inspections if it deems appropriate and reports the results to the Board of Directors. The Committee may appoint experts to help them in such inspections.

The Committee shall report to the Board of Directors any problems it has observed regarding possible conflicts of interest between the members of the Board of Directors, executives, other employees and units and the abuse of Company trade secrets and shall make recommendations about measures to be taken to prevent this situation.

The Committee also fulfils other supervision and oversight activities that may be requested by the Board of Directors.

**V. BUDGET**

**Article 10-** All resources and support to enable the Committee to fulfil its duties are provided by the Board of Directors. To this end, the Committee shall have an annual budget approved by the Board of Directors.

**VI. VALIDITY**

**Article 11-** This regulation and changes thereof regarding the duties and responsibilities of the Committee come into force upon the decision of the Board of Directors.