

## **Audit Committee Terms of Reference**

The Terms of Reference of Audit Committee were respecified on April 5th 2012 in accordance with the Communiqué by CMB with Serial: IV, No: 56 and in accordance with Article 4.5.3 of the Communiqué Dr. Burak Koçer resigned from Audit Committee membership.

### **1. Purpose**

1.1 This procedure aims to determine the terms of reference of the audit committee, which assists the board of directors in implementing the independent audit and internal audit processes of Egeli & Co. Investment Holding A.Ş. (the "**Company**") in line with regulations and disclosing the Company's financial statements timely, accurately, and fairly to reflect the truth, as well as oversees and monitors potential complaints by stakeholders regarding compliance of the Company's transactions to legal and ethical standards.

### **2. Membership**

2.1 The audit committee shall consist of at least two members. All members of the committee shall be selected from among the independent members of the board.

2.2 Members of the committee shall be appointed by the board, one of the members being appointed as the committee chairman.

2.3 Only members of the committee have to right to attend the committee meetings. However, other Company officers or independent advisors may be invited to attend the meetings by the chairman of the committee, when appropriate. In general, it is expected that independent auditor of the Company would attend the committee meeting once a year to provide feedback to the committee. The chief executive officer or the general manager of the Company cannot become committee members or attend the committee meetings.

### **3. Quorum**

3.1 The quorum for committee meeting shall be the majority of the total number of members. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

### **4. Frequency of Meetings**

4.1 As a principle, the committee shall meet four times a year in accordance with the time schedule for disclosure of the financial statements. The committee members may organize additional meetings if required.

## **5. Notice of Meetings**

5.1 Meetings of the committee shall be called by the chairman of the committee.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the committee and other persons required to attend the meeting at least five days before the date of the meeting. Supporting papers along with the agenda shall be sent to the committee members at the same time.

## **6. Minutes of Meetings**

6.1 The chairman of the committee authorizes a committee member or any other attendee to be invited to minute the proceedings and resolutions at each meeting.

6.2 Minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, to all members of the board, unless a conflict of interest exists.

## **7. Duties**

7.1 To monitor the integrity of the annual and quarterly financial statements of the Company, and any other formal announcement relating to its financial performance.

7.2 To review presentations and press releases regarding the financial performance of the Company together with the top management.

7.3 To review the financial information and reference documents prepared for the analysts and rating agencies together with the top management.

7.4 To examine the consistency of accounting policies across reporting periods.

7.5 To assess the effect of new developments and regulations in accounting as well as off- balance sheet items on the financial statements together with the top management.

7.6 To advise the top management with regard to appointment or replacement of the internal audit manager and ensure efficient operation of the internal audit processes.

7.7 To review transactions with related parties. The ratification of a related party transaction is assessed under the resolution of the board of directors.

7.8 To recommend to the board of directors on the engagement with the independent audit company. Pursuant to this scope, the committee determines the appropriate cost for a healthy independent audit and advises the board of directors on the agreements terms including the scope of work and fees.

7.9 To review independent audit company's relationships with the Company and its executives to ensure the independence of the audit. It examines whether the independence is jeopardized by non-audit services or for any other reason and submits a report to the board of directors regarding the same.

7.10 To examine whether the independent audit team has adequate competence and sources.

7.11 To examine together with the independent auditor the problems and difficulties experienced in the audit process and evaluate measures taken by the top management.

7.12 To examine together with the independent auditor responsibilities, budget and staff of the internal audit function.

7.13 To evaluate, together with the independent auditor, disagreements between the independent auditor and the top management, which may partially or entirely affect the contents of the financial statements or independent audit report regardless whether they are resolved later.

7.14 To examine the report issued by the legal advisor of the Company and evaluate legal matters, which may considerably affect the financial statements.

7.15 To oversee and monitor potential complaints by stakeholders submitted to the Investor Relations Unit regarding compliance of the Company's transactions to legal and ethical standards.

7.16 To support the Board of Directors on the implementation of the Code of Ethics and examines complaints made in that respect.

## **8. Reporting Responsibilities**

8.1 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

8.2 The committee shall submit a report to the board of directors on proposals received from the independent audit companies, evaluation of the committee regarding the same and independence of the audit company.

## **9. Public Disclosures**

9.1 The committee shall advise the board of directors on the statement of responsibility to be published in the annual report.

## **10. Authority**

10.1 The committee is authorized to seek any information it requires from any employee of the company in order to perform its duties.

10.2 The committee may obtain legal advisory or professional advice on any matter within its terms of reference. Such services shall be reimbursed from the internal audit budget.

10.3 The committee shall call any employee to be questioned at a meeting of the committee as and when required

10.4 The committee is authorized to ratify non-audit services to be supplied by an independent audit firm.