ÇİMSA Çimento Sanayi ve Ticaret A.Ş.

NAME OF PROCEDURE: MEETING AND WORKING POLICY OF INTERNAL AUDIT COMMITTEE

DOCUMENT NO: İÇ-YON-003

CONTENTS:

DATE	REVISION NO	WRITTEN BY	APPROVED BY	PAGES OF
27/02/2018	5	INTERNAL AUDIT MANAGER	GENERAL MANAGER	1/9

1. PURPOSE

The purpose of Audit Committee consists of the accounting system, financial reporting, disclosing the financial information to the public, giving information regarding the operation and efficiency of the system of independent audit and internal control, and, supporting the activities held for the compliance with pertinent laws and legislation – primarily to the Legislation of Capital Markets Board of Turkey, the corporate governance principles and the Sabancı Group Ethical Rules and, conducting the supervising function over the topics whereof stated. Audit Committee introduce their activities, findings and recommendations to the Board of Directors Chairman (hereinafter "Chairman"), which are in regards with their range of duties and responsibilities.

2. DUTIES AND RESPONSIBILITIES OF AUDIT COMMITTE

The duties and responsibilities of the Audit Committee in frame of their function, which is a part of Article of "Purpose" are listed, below:

2.1. Financial Information

2.1.1. Committee ensure the searching for accuracy of the fiscal statements and the compliance of the accounting principles with the relevant legislation and policies; evaluate the reports prepared in pertinent issues; introduce the results of their assessments with potential necessary remarks and recommendations to the Chairman; with receiving the opinions of the incumbent managers and internal auditors of the company and the independent auditors.

2.1.2. Committee determine the completion of annual and interim fiscal statements to be publicly announced; monitor the substantial issues including the significant dissidences emerged during the preparation of the statements, amendments in regards with accounting and reporting.

2.1.3. Committee contribute to the solutions of the dissidences between the company management and independent audit firm regarding the fiscal statements.

2.1.4. Committee evaluate the accuracy and the completion of information in Annual Activity Report and other significant reports to be publicly announced. Committee evaluate the compliance of policies with the relevant legislation and other arrangements.

2.2. Internal Control System

2.2.1. Committee evaluate the efficiency of the internal control system of the company.

2.2.2. Committee evaluate the findings and recommendations of the internal auditor(s) and the independent auditor(s) regarding the financial reporting and internal control system, the opinion and action of the Management in regards with the whereof issues.

2.3. Internal Audit

2.3.1. Committee evaluate the Internal Audit Manager and Internal Audit Directory, Audit Guidance, plan, activities and, internal audit organizational structure in the principle of neutrality.

2.3.2. Committee evaluate efficiency of the internal audit in compliance with generally accepted internal audit standards.

2.3.3. Meeting with Internal Audit Department periodically, the Committee discuss the issues regarding the sufficiency of internal control system and assess the situation.

2.4. Independent Audit

2.4.1. Committee detects the issues and contents regarding the assignment of the Firm(s) that can conduct independent audit and, suggest the Chairman. After taking decisions, Selection of the Independent Audit Firm, commencing of the independent audit process with preparing the independent audit contract and, the activities of Independent Audit Firm at all stages are applied under the supervision of Audit Committee.

2.4.2. Committee evaluate the selection and the services provided by the Independent Audit Firm and introduce their evaluation to the Chairman.

2.4.3. Committee evaluate the reports prepared by the Independent Audit Firm(s), informs the Chairman.

2.4.4. Committee review the independency of auditors, the rotation of the Audit Partner in charge and, conflict of interests. They control the services to not be offered by the Independent Audit Firm, which are prohibited by the related law.

2.4.5. Committee assemble with Independent Auditors, discuss the sufficiency of the internal control system and other relevant issues and make assessment of the situation.

2.4.6. In frame of the generally accepted Independent Audit Standards, Committee evaluate all the threads - which are found by Independent Auditors, with the Chairman and Independent Auditors.

2.5. Compliance

2.5.1. Committee evaluate the efficiency of review system that provides the compliance of the company policies, procedures and regulations to the relative legislation(s). They ensure the preparation of examinations which is focusing the situation, evaluate the consequences of examination and introduce them to the Chairman.

2.5.2. Committee review company policies regarding the investigations subjected to compliance with law, ethical rules, conflict of interests, mismanagement, fraudulent transactions etc.

2.5.3. Committee review the examination conducted by official governmental offices.

2.5.4. Committee reviews the direction process of "SA – Ethics Code" to the company personnel and supervise compliance of direction process with the rules.

2.5.5. Committee review the compliance of corporate governance policies through the Internal or Independent Audit. Committee provide the compliance of corporate governance policies.

2.5.6. Committee review the risk management policies and sufficiency of risk management.

2.5.7. Committee periodically obtain information about the legal issues that might cause significantly effect the company (compliance with legislation, favorable or unfavorable lawsuits and other similar legal issues).

2.6. Reporting

2.6.1. Committee reports in written to the Chairman regarding their activities, findings and recommendations regarding their task and responsibility area.

2.6.2. In accordance with Capital Marketing Board Legislation, Committee reports in written to the Chairman regarding the conformity of accounting principles, actuality and accuracy of the interim or annual fiscal reports to be publicly announced, with receiving the opinions of the incumbent managers, and the independent auditors.

2.7. Other

2.7.1. Committee ensure detecting dysfunctional and/or insufficient instructions, regulations and procedures and, introduce their recommendations to the Chairman.

2.7.2. Committee determine the methods and criteria to be applied for the review of complaints delivered to company in regards with accounting, internal control system and independent audit of the company and their resolution and, evaluate the personnel concerns regarding the accounting and independent audit in frame of the confidentiality principle.

2.7.3. When it is necessary, Committee would conduct private investigation follow-up within the information of the Chairman.

2.7.4. Every year, Committee evaluate the execution of responsibilities defined in the policy.

2.7.5. Committee review the Internal Audit Committee Policy on annual base and when it is required; evaluate the legislation in frame of relevant developments and introduce the amendments required to Chairman in order to obtain the approval of the Board of Directors.

2.7.6. Committee would apply for the view of an independent specialist for the issues needed and appoint an advisor for the issue(s).

2.7.7. Committee fulfill the other pertinent duties assigned by the Board of Directors.

3. STRUCTURE

Audit Committee consist of minimum 2 to maximum 5 members –one member as the president, who are selected amongst the members of the Board of Directors. Members are composed of persons who do not undertake direct executing function, not having title of ‘Member of Board of Directors’ and, possessor of required information and experience in fiscal matters.

Chairman

The Head of Audit Committee is assigned by the Board of Directors.

The Head of (Audit) Committee is deserted for any reason, Chairman assigns a member of Committee as the head for temporarily, until a member is appointed at the first meeting following the desertion.

Members

Amongst their own members, Board of Directors appoint 2 to 5 members (including the head) as the member of Audit Committee. Should a membership be deserted for any reason, a new member is appointed at the first meeting following the desertion.

Rapporteur

Reporting of Audit Committee is conducted by Internal Audit Department. The Rapporteur is assigned by the Head of Audit Committee.

Required resources and support in all aspects are provided to Audit Committee for fulfilling their duty, by Board of Directors.

4. MEETING DATE AND TIME

Audit Committee are gathered at company headquarters or in another place following the invitation of the Head of Audit Committee; minimum four times, at least once in every three months.

Committee members are expected to attend all meetings.

Committee could be invited for extraordinary meetings by the Chairman or the Head of Audit Committee.

Committee, within the knowledge of Chairman, would invite the senior management, auditors and relevant advisors of the company in order to get information in regards with required issues.

Committee would hold meetings with managers and auditors in a private agenda.

5. DETECTION OF AGENDUM

The agenda is set by the Head of the (Audit) Committee. The Members of Committee might deliver the topics and the related information and documents to the Head of Committee or the Rapporteur, prior to the meeting date. Agenda is announced to Members before the meeting.

6. DUTIES AND AUTHORITY OF HEAD OF COMMITTEE

6.1. Head of Committee presides the Committee and moderates the meetings.

6.2. Head of Committee sets the meeting agendum.

6.3. Head of Committee provides the information flow between the Committee and the Board of Direction. Head of Committee ensures the coordination among them.

6.4. When he/she is not available to attend a meeting, Head of Committee assigns one of the members as his/her deputy for presiding the meeting.

6.5. Head of Committee would invite a specialist(s) regarding the issue discussed

6.6. Head of Committee would take measures required in order to Committee fulfill their duties and responsibilities on an efficient level

7. DUTIES AND AUTHORITY OF MEMBERS

7.1. Attending the meetings is the fundamental duty of each member.

7.2. Members should get permission of Head of the Committee for the meetings that they will not be able to attend.

7.3. Members deliver their opinion(s) regarding the agenda to the Head of Committee or the Rapporteur.

7.4. Members collect the information and documents demanded by the Head of Committee and, deliver them to the demandant.

7.5. Members share their knowledge and experience with the Committee Members.

7.6. Members fulfill the other duties demanded by the Head of Committee, in regards with the works of Committee.

8. DUTIES AND AUTHORITY OF RAPPORTEUR

8.1. Rapporteur helps Head of Committee to prepare the agendum.

8.2. Rapporteur delivers the agenda and related documents to the Members, prior to the meetings.

8.3. Rapporteur delivers opinion(s) and recommendations emerged at Committee meetings to Head of Committee, Members and Chairman of Executive Board.

8.4. Rapporteur takes measures required for the administrative organization regarding meetings.

8.5. Rapporteur fulfills other duties assigned by Head of Committee.

9. INCUMBENCY

Tenure of the Members is equal with the Members of Board of Directors. Following the re-election of Board of Directors, the new Head of Committee and Members are assigned by Board of Directors.

If the membership of a Board of Directors member is ceased for any reason, the Audit Committee membership of the member is also ceased. Board of Directors appoint a new member at the first meeting following the desertion.

10. REGULATION OF CAPITAL MARKETING BOARD

The current and future regulation(s) of Capital Markets Board of Turkey regarding the Audit Committee are primarily taken into consideration.

11. VALIDITY AND EXECUTION

Herein the Policy comes into force with the decision No. 1350 of the Board of Directors on 21/06/2011 and Head of Committee is responsible for its implementation. 5th revision is made with the decision No. **1733** of the Board of Directors on 27/02/2018 which was come into force as of 27/02/2018, by the unanimous decision of Board of Directors.