



KONTROLMATİK TEKNOLOJİ, ENERJİ VE MÜHENDİSLİK A.Ş.

AUDIT COMMITTEE REGULATION ON WORKING PRINCIPLES AND PROCEDURES	DOCUMENT NO : KM.2023.002
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1. ESTABLISHMENT

As per the resolution of the Board of Directors of the Company dated May 4, 2023 and numbered 21, within the framework of the Turkish Commercial Code (TCC) and the Corporate Governance Principles of the Capital Markets Board (CMB) and the recommendations of international institutions (WBG, OECD, EU, EBRD); a Audit Committee (“AC” or “Committee”) has been established to make suggestions and recommendations to the Board of Directors in order to establish and improve the Company's corporate audit practices.

2. PURPOSE

Under the regulations, provisions and principles set forth in the Turkish Commercial Code (TCC) and the “Corporate Governance Principles” of the Capital Markets Board (CMB) and the recommendations of international institutions (WBG, OECD, EU, EBRD), this document has been prepared by the Company's Board of Directors in order to determine the formation and Working Principles and Procedures of the Audit Committee, which will be elected by the Company's Board of Directors from among its members and relevant departments to assist it in monitoring and auditing compliance with the Corporate Audit Principles and to carry out improvement activities in this regard.

3. DUTIES

The duties of the Audit Committee include, *but are not limited to*, the followings:

3.1 Selecting the independent audit firm, determining the scope of services to be received from the independent audit firm, initiating the independent audit process by preparing independent audit contracts and overseeing the work of the independent audit firm at every stage;

3.2 To evaluate the status of the independent auditor against the independence criteria, the declaration of independence and additional services to be obtained from the independent audit firm;

3.3 To evaluate the findings to be reached within the scope of independent audit communicated to the Committee by the independent audit firm, important issues related to the Company's Financial Policy and Accounting and Financial Reporting Principles and Standards (IFRS/IFRS) and their applications, alternative application and disclosure options to the Public Disclosure Platform (KAP) within the framework of the CMB's Accounting and Financial Reporting Principles and Standards (TAS/IFRS) previously communicated by the Independent Auditor to the Company's Board of



Directors, their possible results and implementation proposal, and important correspondence between the Company and the Board of Directors;

3.4 Reviewing and finalizing complaints received by the Company regarding the Company's accounting, reporting and internal control systems and independent audit processes;

3.5 To determine the methods and criteria to be applied in evaluating the notifications of the Company personnel on accounting, reporting, internal control and independent audit within the framework of the confidentiality principle;

3.6 To receive the opinions of the Company's responsible Managers and Independent Auditors regarding the compliance of the annual and interim financial statements to be disclosed to the public with the Accounting and Financial Reporting Principles and Standards followed by the Company, their truthfulness, transparency, accuracy, reliability, comparability, comprehensibility and timely presentation, and to report to the Board of Directors in writing together with its own assessments;

3.7 To supervise and ensure that all books, commercial and financial records, accounts and financial statements of the Company are kept in accordance with the accounting procedures and period in accordance with national and international standards and legal regulations, and to ensure that the Company's transactions are duly reflected;

3.8 To fulfill other duties assigned/to be assigned to the Committee regarding the TCC and CMB regulations.

The Committee notifies the Board of Directors in writing of its evaluations and recommendations on the above-mentioned issues.

4. MEMBERSHIP CRITERIA

4.1 The members of the Committee shall be appointed by the Board of Directors, shall consist of at least two (2) members and all members shall be elected among the Independent Board Members. The Chief Executive Officer and the General Manager cannot serve on the Committee.

4.2 The Board of Directors shall appoint a person it deems appropriate to act as President of the Committee. In the absence of the President of the Committee and/or an appointed deputy, the other members present shall elect one of their number to chair the meeting.

4.3 When the new Board of Directors is elected at the Ordinary General Assembly meeting, the Board of Directors shall appoint the members of the Committee in parallel with its term of office. The duties of the former Committee members shall continue until their replacements are elected.

4.4 Only Committee members have the right to attend Committee meetings. The Committee may invite any manager it deems necessary to its meetings and receive their opinions. The Chairman



of the Board of Directors, Chief Executive Officer/General Manager, Internal Auditor Accountant Manager, Compliance Officer, General Secretary, Chief Legal Counsel, representatives from other directors and functions and other relevant persons may be invited to attend all or part of any meeting as appropriate.

4.5 The Board of Directors shall provide the Committee with all necessary resources and support to fulfill its duties. The Committee shall benefit from the opinions of independent experts on the matters it deems necessary in relation to its activities. The cost of the consultancy services required by the Committee shall be covered by the Company.

5. GENERAL SECRETARY

The Company Secretary General or a nominee appointed by the President of the Committee shall act as the Secretary of the Committee.

6. FREQUENCY OF MEETING AND QUORUM

6.1 The Committee shall convene at least four (4) times a year, at least once every three (3) months, and the results of the meetings shall be recorded and submitted to the Board of Directors. After the decisions taken at the Committee meetings are documented in writing, they are signed by the Committee members and archived. It may also convene as often as required by the task assigned to it in reporting and audit processes.

6.2 The decisions of the Committee are advisory to the Board of Directors, and the Board of Directors is the final decision-making authority on relevant matters.

6.3 The quorum necessary for the transaction of business shall be two (2). 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.

6.4 Meetings shall be held at the Company headquarters. The Committee may also hold its meetings in person or in electronic media or by conference call without actually coming together. In this case, the minutes shall be signed by the Committee members. In addition, the decisions of the Committee may be taken by circulation, and the minutes signed by all members shall be valid.

7. NOTICE OF MEETING

7.1 Meetings of the Committee shall be summoned by the Secretary or President of the Committee at the request of any of its members.



7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than two (2) working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

8. MEETING MINUTES AND REPORTING PROCEDURE

8.1 At the beginning of each meeting, the Secretary General shall determine whether there is any conflict of interest and record the minutes accordingly.

8.2 The minutes of the meeting shall include at least the following

- (i) the date of the meeting;
- (ii) the names, surnames and titles of those who attended the meeting;
- (iii) information on the matters considered at the meeting; and
- (iv) the decisions taken and their nature.

8.3 The decisions of the Committee shall be signed and archived by the members of the Committee after being written down.

8.4 Once approved, the minutes of the decisions of the Committee shall be submitted to the Board of Directors.

8.5 The Secretary General shall be responsible for the preparation and storage of the Committee's reports.

9. ANNUAL GENERAL MEETING (AGM)

The President of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

10. RESPONSIBILITIES

The Committee should fulfill the following responsibilities as appropriate for the Company (*and its subsidiaries and associates, and the Group as a whole*):

10.1 Financial Reporting

10.1.1 The Committee monitors the integrity of the Company's financial statements, including interim and annual financial reports, preliminary results announcements and all other formal announcements of financial performance, and reviews the significant financial reporting

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matters and assessments contained therein. In addition, the Committee shall review summary financial statements, any announcements containing financial information, significant financial returns to supervisory and regulatory bodies and financial information contained in certain other documents, such as price sensitive announcements.

10.1.2 The Committee shall review and, where necessary, inquire as to:

- (i) the consistency of, and changes to, financial policies, both from year to year and across the Company;
- (ii) the methods used to account for significant or unusual transactions, where different approaches are possible;
- (iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
- (iv) The clarity of the disclosures in the Company's financial reports and the context in which they are made;
- (v) all material information presented with the financial statements, such as the Company's annual and financial review and corporate governance statement (to the extent relevant to audit and risk management).

10.1.3 The Committee shall review the annual financial statements, if any, of insurance and pension funds that are not reviewed by the Board of Directors as a whole.

10.2 Internal Control and Risk Management System

The Committee shall:

- (i) review the effectiveness of the Company's internal controls and risk management systems; and
- (ii) Review and approve the statements on internal controls and risk management to be included in the Company's Annual Report.

10.3 Reporting/Complaint

The Committee shall prepare and review arrangements for Company personnel to raise concerns confidentially about potential misconduct/abuse of their duties and authorities in financial reporting or other matters. The Committee shall ensure that these arrangements allow for proportionate and independent investigation of such matters and appropriate follow-up action.



10.4 Internal Audit

The Committee shall:

- (a) Monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system;
- (b) Approve the appointment and removal of the Head of the internal audit function;
- (c) assess and approve the mandate of the internal audit function and ensure that it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with relevant professional standards. The Committee also ensures that the internal audit function has an adequate reputation and is free from management or other restrictions;
- (d) Review and evaluate the Company's annual internal audit plan;
- (e) promptly review all reports from the internal auditors on the Company
- (f) review and monitor management's responses to the internal auditor's findings and recommendations; and
- (g) At least once a year, in the absence of the Company Management, internal audit meets with the President of the Committee to discuss and evaluate their areas of responsibility and issues arising from the internal audits performed. In addition, the Head of Internal Audit shall have direct access to the Chairman of the Board of Directors and the Committee.

10.5 External Audit

The Committee shall:

- (a) evaluate and make recommendations to the Board of Directors regarding the appointment, reappointment and removal of the Company's external auditor, to be submitted for shareholder approval at the Annual General Meeting. The Committee shall oversee the selection process for new auditors and, in the event of the resignation of an auditor, the Committee shall investigate the circumstances leading to such resignation and determine whether any action is necessary;
- (b) Oversee the relationship with the external auditor, including (but not limited to):
 - (i) approval of their fees, whether for audit or non-audit services, and that the level of their fees is appropriate to ensure the conduct of an adequate audit

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- (ii) approval of the terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (iii) annually assess their independence and objectivity, taking into account relevant professional and regulatory requirements and the relationship with the external auditor as a whole, including the provision of non-audit services;
 - (iv) ensure that there are no relationships (such as family, employment, investment, finance or business) between the external auditor and the Company (other than in the ordinary course of business);
 - (v) Monitor the external auditor's compliance with relevant ethical and professional guidance on rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner, and other relevant requirements; and
 - (vi) Assess annually the external auditor's own qualifications, expertise and resources and the effectiveness of the audit process, including a report on its internal quality procedures;
- (c) Meet regularly with the external auditor. The Committee shall meet with the external auditor at least once a year, without Management present, to discuss the scope of the engagement and any issues arising from the audit;
- (d) Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- (e) Review internal audit findings with the external auditor. These matters shall include, but not be limited to:
- (i) discussion of significant issues arising during the audit,
 - (ii) all accounting and auditing decisions and
 - (iii) the level of errors identified during the audit; and
 - (iv) review the effectiveness of the audit.
- (f) Review any representation documentation requested by the external auditor before it is signed by management;
- (g) review management documentation and Management's response to the auditor's findings and recommendations;
- (h) develop and implement a policy on the provision of non-audit services by the external auditor, taking into account the Ethical Guidelines for external auditing.



10.6 Risk Management

- 10.6.1 Identifying, evaluating and monitoring the existing and potential risk factors that may affect the achievement of the Company's objectives within the framework of "Corporate Risk Management" and determining the principles for managing and auditing the relevant risks in accordance with the Company's risk-taking capability and ensuring that they are used in decision-making mechanisms;
- 10.6.2 Identification and supervision of risks to be retained and managed, shared or eliminated in the Company according to probability and impact calculations;
- 10.6.3 Ensuring the integration of risk management and internal control/audit systems into the corporate structure of the Company;
- 10.6.4 Reviewing the risk management systems at least once a year and overseeing and supervising the implementation of good practices in the relevant departments responsible for managing risks in accordance with the decisions of the Committee;
- 10.6.5 Performing other duties assigned/to be assigned to the Committee within the framework of the Turkish Commercial Code and CMB regulations regarding the early detection of technical bankruptcy, warning the Board of Directors in this regard and necessary measures.

10.7 Reporting Responsibility

- 10.7.1 The President of the Committee shall submit a formal report to the Board of Directors after each meeting on all matters within its duties and responsibilities.
- 10.7.2 The Committee shall make such recommendations to the Board of Directors as it deems appropriate on any matter within its mandate that requires action or improvement.
- 10.7.3 The Committee shall prepare an information report to shareholders on the Company's activities for inclusion in the Company's Annual Report and Financial Statements.

10.8 Other Matters

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (b) be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members;
- (c) give due consideration to laws and regulations and the requirements of the national (TTK, SPK, BIST) and international (WBG, OECD, EU, EBRD) rules as appropriate;



- (d) Responsible for the coordination of Internal and External auditors
- (e) oversee any investigation of activities which are within its Working Principles and Procedures; and
- (f) at least once a year, review its own performance, constitution and Working Principles and Procedures to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

The Committee notifies the Board of Directors in writing of its assessments and recommendations on the above-mentioned issues.

11. AUTHORITY

The powers that the Committee may exercise when necessary are as follows:

- 11.1 To seek any information it requires from any personnel of the Company in order to perform its duties;
- 11.2 to call any employee to be questioned at a meeting of the Committee as and when required.
- 11.3 When necessary, to obtain independent expert opinions on matters deemed necessary in relation to the Committee's activities.

12. AMENDMENT

The Committee shall review this Working Principles and Procedures every year and recommend to the Board of Directors any changes it deems necessary. The Board of Directors is authorized to review and update the working principles.

13. EFFECTIVE DATE

This Regulation on Working Principles and Procedures of the Audit Committee have been approved by the Board of Directors' resolution dated May 4, 2023 and numbered 21 and are in force.

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