

Regulation No.	15
Review No.	01
Entry into Effect Date	21.11.2012

## AUDIT COMMITTEE REGULATION

### 1-PURPOSE AND SCOPE

The purpose of this regulation is to set duties, authorities, responsibilities and working procedures and principles of the Audit Committee ("Committee"), in accordance with the corporate governance regulations of the Capital Markets Boards. The Audit Committee has been set up with the resolution of the Board of Directors at 29/06/2012(resolution no 9148) in order to aid the Ereğli Demir and Çelik Fabrikaları T.A.Ş.'s ("Company") Board of Directors to fulfill their duties and responsibilities.

The Committee helps the Board of Directors about overseeing the Company's accounting system, public disclosure of the company's financial information, functioning and effectiveness of the company's internal control system and independent audit 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.

### 2-STRUCTURE OF THE COMMITTEE

-The Committee is made up by two members. All of these members have to be Independent Board Member.

-In case of any vacancy, The Committee can choose a Deputy Chairman to cover for the Chairman of the Committee.

- The Committee can use the services of independent consultants or companies during its work when and if it deems necessary. The costs of such consultant services used by the Committee are borne by company. The Committee can invite relevant managers to meetings to hear their opinions.

### 3-COMMITTEE MEETINGS

The Committee meets, at least once each quarter and four times a year. The Committee reports the minutes of the meetings to the Board of Directors. The Committee meets within the similar dates of Board Meetings or as frequent as required for efficient work of the committee.

The quorum for passing resolutions is the absolute majority of the members.

The Board of Directors provides all of the resources and support needed by Committee to carry out its duties. The Committee Chairman or The Committee Member can summon the Committee. The Committee meeting will be held according to agenda which will be distributed by the secretariat. The minutes of the meetings are to put into writing by secretariat and then archived. After every Meeting the Committee submits a report about its activities with the summary of the minutes of the meeting to the Board of Directors. The secretariat is responsible for keeping the reports. The Committee can meet by teleconference or different ways as it deems necessary.

The Committee can transfer its duties to a one or more Sub-Committee which can be formed by two or more members.

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Each year the Committee carries out an evaluation about its aims, duties, and performance and informs the Board of Directors about the results of this evaluation.

#### **4-DUTIES AND RESPONSIBILITIES**

- Audit Committee; supervises the accounting system of the company, public disclosure of the company's financial information, the operation and effectiveness of the company's internal control system and external audit. The selection of external independent auditor, initiation the independent audit process through the preparation of audit agreements and the work of the independent auditor at every stage are performed under the observation of the Committee

- The Committee determines the independent audit institution which will work for the Company and the services which the Company is going to receive and presents to the approval of the Board of Directors.

- Method and criteria to be applied for analyzing and concluding of the complaints received by the Company in relation to the Company's accounts, internal control system and independent audit determined by the Audit Committee. The Committee also determines the method and criteria which are going to use for evaluating the statements of the Company employees regarding the accounting and independent audit of the Company in accordance with the confidentiality policy.

- Audit Committee informs the Board of Directors in writing about the accuracy, correctness and the suitability of the annual and interim financial tables with the Company's accounting principles after taking the opinions of senior managers and independent auditors.

- The Committee immediately reports its observations and recommendations regarding its own area of responsibility to the Board of Directors.

- Duties and responsibilities of the Committee shall by no means rule out its responsibilities arising from the Turkish Commercial Code.

#### **5-CHANGES IN REGULATION**

If something is going to be changed in this regulation, the Committee submits a proposition about the change to the Board of Directors.

This proposition will put on the agenda of the first Board of Directors meeting.

#### **6-ENFORCEMENT**

The updates and changes in this regulation shall enter into force after the approval of the Board of Directors.