

## PRINCIPLES OF DUTY AND FUNCTION OF THE AUDIT COMMITTEE OF HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

### 1. OBJECTIVE

Hürriyet Gazetecilik ve Matbaacılık A.Ş. (the “Company”) Audit Committee (the “Committee”) shall assist the Board of Directors regarding the supervision of matters related to accounting, reporting, finance, independent audit and internal control system.

The Committee shall review and evaluate the methods and processes developed by the Company with respect to financial reporting and enlightening of the public; financial, operational and activity risks; internal control, internal and external independent audit, and compatibility with laws and regulations and advise the Board of Directors related thereto.

### 2. BASIS

This document has been prepared in light of the provisions and principles of the Capital Market Legislation, Articles of Association of the Company and the Corporate Governance Principles of the Capital Markets Board and has been reviewed and updated according to the changes in the regulations of the Capital Market Board

### 3. AUTHORITY AND EXTENT

The Committee is formed and vested with authority by the Board of Directors. It is authorized to invite its personnel or the representatives of related persons or entities including the subsidiaries thereof, the internal and external auditors (the “Auditors”), as well as the professionals to its meetings for the purpose of obtaining information. It also has the authority to obtain legal or professional counseling services from external sources when need be. The Committee acts on its own authority and responsibility and advises the Board of Directors; however, the final decision and implementation responsibility always belongs to the Board of Directors.

### 4. ORGANIZATION

#### Membership

- 4.1. The Committee is formed in accordance with the Articles of Association of the Company.
- 4.2. The Chairman of the Committee is elected from among the independent members of the Board of Directors. Where this is not possible, the Chairman of the Committee may, to the extent permitted by law, be elected from among the third party professionals.
- 4.3. Only persons with at least 8 years of work experience in the fields of accounting, finance, audit, law and the like can take part at the Committee.
- 4.4. The Committee is formed of at least two members.
- 4.5. The members of the Committee can only be elected from among the non-executive persons. The Chairman of the Company’s Execution Board can not take part at the Committee.
- 4.6. 4.6. If need be, other professionals who are not members of the Board of Directors can also take part at the Committee.
- 4.7. The representatives responsible for financial and internal supervision of the Company’s subsidiaries which are open to public, or of the companies which play an important role in the Company’s consolidated financial reports can also be Committee members.

- 4.8. The Committee is re-elected each year at the first meeting of the Board of Directors to be held following the Ordinary General Assembly Meeting.
- 4.9. The Committee convenes by the participation of one more than the half of its members and resolves by the majority thereof.
- 4.10. The secretarial works of the Committee is carried out by the secretariat of the Board of Directors.

#### **Participation to the Meetings**

- 4.11. Save for extraordinary cases, the Committee convenes, as a principle, on quarterly, and at in any case at least four times a year required, at the Company headquarters upon the invitation by the Chairman of the Committee to be made through the Secretariat of the Board of Directors. Provided that the Committee members are pre-notified, the date, time and place of the meeting can be changed by the Chairman of the Committee.
- 4.12. If required, the Auditors can arrange special meetings after informing the Chairman of the Committee through the Secretariat of the Board of Directors.
- 4.13. The resolutions taken by the Committee during its meetings shall be converted into writing, signed by the members of the Committee, and stored with due care.
- 4.14. Meeting and decision quorum is the total number of committee members
- 4.15. Committee meetings may be held at the Company headquarters or at any other location where the Committee members may have easy access.

## **5. RESPONSIBILITY**

### **Internal Control**

- 5.1. The Committee evaluates whether the Company's management shares with the personnel of the Company the importance of internal control and risk management and whether a true "culture of control" has been established within the Company.
- 5.2. The Committee makes suggestions to the Board of Directors related to the issues of sound achievement of the internal control network in all the Company's subsidiaries, as well as its perception by the employees and support by the management.
- 5.3. The Committee ensures that the internal control procedures are all in written format and that they are periodically updated in order to achieve a permanent efficiency.
- 5.4. The Committee ensures that the coordination and communication between the subsidiaries of the Company and the Internal Control Unit duly functions.
- 5.5. The Committee sees that the management is accountable related to the security and operation of the Company's computer systems and it reviews the crisis management plans of recording and saving the data in case of a computer system break down.
- 5.6. The Committee checks whether the warnings and advices made by the Auditors regarding the internal control are being put into application.

## Financial Reporting

### a) In General

- 5.7. The Committee, together with the Auditors, develops methods of revealing incidents resulting in misuse of internal control or similar other matters, as well as those resulting in incongruities and deficiencies in laws or regulations.
- 5.8. The Committee reviews important accounting and reporting matters and legal problems and investigates their effects on the financial reports.
- 5.9. The Committee takes the opinions of the Company's management and Auditors regarding the determination of issues which may financially be risky in addition to the plans to fix weaknesses therein.
- 5.10. The Committee establishes a special degree of care in the analysis of derivative and other complicated or unusual transactions.
- 5.11. The Committee reviews actions such as the evaluation of assets and sources, collaterals and sureties, fulfillment of social responsibilities, reserves for lawsuits, and other responsibilities and conditional events the accounting of which have been left to the evaluation and determination of the Company's management.
- 5.12. The Committee evaluates:
  - the significant differences between the interim financial results and the budgeted or presumed ones;
  - the significant changes in financial ratios and whether such changes are in line with the Company's operational changes and financial applications;
  - whether any planned or realized amendment is in question as regards the accounting or financial reporting applications;
  - whether any unusual or important transaction has been made;
  - and whether the public announcements made concerning the Company's financial status include sufficient and appropriate information.

### b) Financial Reports, Announcements and Presentations

- 5.13. Taking the opinions of the Company's responsible managers and the independent auditors concerning the conformity with the accounting principles as well as truth and accuracy of the financial reports and footnotes to be publicized, the Committee informs the Board of Directors in writing together with its own evaluation.
- 5.14. The Committee reviews the activity report to be publicized and checks whether the information contained therein is true and in conformity with that possessed by the Committee.
- 5.15. The Committee reviews whether the announcements and the analyst presentations to be made to the public concerning the financial information are in accordance with the Company's "Share of Information Policy" and especially with the Capital Board Regulations and other legislative decisions.
- 5.16. The Committee examines in what extent the announcements to be made to the public regarding the financial information are checked by the Auditors and how the said announcements and presentations are prepared.

### **Internal Audit**

- 5.17. The Committee reviews the activities and organizational structure of the Internal Audit Department and informs and makes suggestions to the Board of Directors on matters limiting or preventing the Internal Auditors' work.
- 5.18. The Committee can make proposals to the Board of Directors regarding the appointment, repositioning and de-positioning of the Internal Control Unit staff by also taking their qualifications into consideration.
- 5.19. The Committee reviews the "Duty and Work Standards of the Internal Audit Department" prepared by the Internal Control Unit and delivers it to the Board of Directors for its approval.
- 5.20. The Committee reviews the efficiency of internal control activities.
- 5.21. The Committee holds separate meetings with the Internal Control Employees to discuss topics especially brought up by the Committee itself or the Auditors.
- 5.22. The Committee ensures that the important problems revealed during or as a result of the audits performed by the Internal Control Unit as well as the solution suggestions related thereto are promptly submitted to the Committee's attention and discussed thereat.
- 5.23. The Committee ensures that the proposals made by the Internal Control Unit reach the Company's management and are discussed and answered.

### **Independent External Audit**

- 5.24. The selection of the independent audit institution, the start of the independent audit process by preparing the audit agreements by related departments of the company, and the activities of the independent audit institution at any and all stages are performed under the Committee's supervision.
- 5.25. The Committee reviews the scope of and approach to audit suggested by the independent external auditors and informs and makes suggestions to the Board of Directors on matters limiting or preventing their activities.
- 5.26. The Committee evaluates the performance of the independent external auditors.
- 5.27. The Committee determines upon the independency of the independent external auditors by taking into consideration the consultancy services obtained from the independent audit company or its related institutions.
- 5.28. The Committee, by holding separate meetings with the independent external auditors, discusses the topics especially brought up by the Committee itself or the auditors.
- 5.29. The Committee ensures that the important problems revealed during or as a result of the audits performed by the independent external auditors as well as the solution suggestions related thereto are promptly submitted to the Committee's attention and discussed thereat.
- 5.30. The Independent External Auditors inform the Committee of the important issues related to the Company's accounting policy and the application thereof; choices concerning the alternative applications and public declarations based on international accounting standards communicated to the Company's management in advance; the possible results and application suggestions thereof, as well as the important correspondence with the Company's management.
- 5.31. The Committee ensures that the suggestions made by independent external auditors are forwarded to and discussed and answered by the Company's management.

### **Compatibility with Laws and Regulations**

- 5.32. The Committee revises the controlling system developed for the compatibility with laws and regulations as well as the results of investigations and lawsuits (including the disciplinary penalties) regarding the abuses, unjust enrichment and violation of laws and regulations.
- 5.33. The Committee ensures that important complaints received by the Company regarding its accounting, internal or external auditing, etc. are examined and concluded. It also makes sure that the declarations of Company employees are forwarded to the Company's management under the principle of secrecy.
- 5.34. The Committee, on a regular basis and once in every three months, receives from and evaluates the report of the Company's management, lawyers or external legal counselors regarding the lawsuits pending against the Company, reserves allocated for these lawsuits, reserves which are to be allocated, reserves lacking their subject as well as regarding the possible total risk.
- 5.35. The Committee receives and evaluates the necessary information concerning its compliance with the governing legislation during the preparation phase of its financial reports and their footnotes.
- 5.36. The Committee makes suggestions and gives information to the Board of Directors concerning the possible conflict of interest scenarios and the abuse of Company's commercial secrets.
- 5.37. The Committee, after revising the results of inspections and investigations performed by legal authorities, gives information and makes suggestions to the Board of Directors.

### **Compatibility with Internal Regulations**

- 5.38. The Committee ensures that all internal regulations are presented in writing and develops provisions to procure notification of all employees thereof.
- 5.39. The Committee evaluates whether or not the internal regulations and acceptable rules of behaviour are transmitted to the employees by means of suitable communication methods.
- 5.40. The Committee evaluates the studies made by the Company's management for the follow-up of compliance with the internal regulations.
- 5.41. The Committee observes compliance with the internal regulations preventing any possible conflicts of interest among the members of the Board of Directors, managers and other employees and the abuse of information of a commercial secret nature.
- 5.42. The Committee develops precautionary measures preventing illegal and unauthorized utilization of the Company's and its subsidiaries' assets, and informs the Board of Directors with respect thereto.
- 5.43. The Committee receives from the Company's management an annual report on a regular basis concerning the compliance of the employees with the internal regulations.

### **Liability of Reports**

- 5.44. The Committee procures that the Board of Directors is informed of the issues within its own authority and responsibility.
- 5.45. The Committee keeps records of all its activities in writing.
- 5.46. The Committee prepares reports of its activities and suggestions and presents them to the Board of Directors.

### **Other Responsibilities**

- 5.47. The Committee performs other inspection and observation activities requested by the Board of Directors.
- 5.48. If need be, the Committee can initiate special investigations and can appoint experts as counsels to be of help in the course of such investigations with providing the repayments of all expenses.
- 5.49. If deems necessary, the Committee can have certain issues added to the agenda of Company's General Assembly Meetings.
- 5.50. The Committee regularly reviews its own performance.
- 5.51. The Committee makes recommendations to the Board of Directors, but these recommendations do not eliminate the duties and responsibilities of the Board of Directors arising from the Turkish Commercial Code.

## **6. BUDGET**

In order to attain an effective and productive performance, the Committee shall have an annual budget to be approved by the Board of Directors.

## **7. EFFECTIVENESS**

The principles of duty and function of the Committee and any changes therein shall be effective upon the resolution of the Board of Directors.