

KARSAN OTOMOTİV SANAYİİ VE TİCARET A.Ş
AUDIT COMMITTEE
DUTIES AND OPERATING PRINCIPLES

1. PURPOSE

The purpose of this regulation is to designate the duties and operating principles of the Audit Committee (Committee) to be established by the Board of Directors of Karsan Otomotiv Sanayii ve Ticaret A.Ş. (Company).

2. BASIS

This regulation is prepared in accordance with the provisions of Capital Markets Legislation hence Corporate Governance Principles.

3. POWERS AND SCOPE

The Committee is established and authorized by the Board of Directors, acts within the scope of its powers and responsibilities and advises the Board of Directors; however the responsibility of final decision always belongs to the Board of Directors.

The Board of Directors provide all kinds of resources and support necessary to fulfill the Committee's duties. The Committee may invite executives to meetings if it deems necessary and obtain their opinions. The Committee may benefit from independent expert opinions on issues related to its activities when deemed necessary. The service fees for the consulting activities required by the Committee shall be borne by the Company.

In accordance with the Capital Markets Legislation and principles stated herein this Regulation, the Committee undertakes to monitor the Company's accounting system, public disclosure of financial information, independent audit and the operation and efficiency of internal control system.

4. STRUCTURE OF THE COMMITTEE

All of members of the Committee shall be selected among Board Members and it shall consist of at least two members.

5. COMMITTEE MEETINGS AND REPORTING

The Committee shall meet at least four times annually, being once in 3 months. The Committee shall meet with one more than half of its members and take decisions by majority. The decisions of the Committee are written down and recorded. The Committee shall submit the report including its operation and the results of the meeting to the Board of Directors.

6. RESPONSIBILITIES

Within the framework of the Capital Market Legislation and Corporate Governance Principles,

- The Company's accounting system, public disclosure of financial information, independent audit and the operation and efficiency of internal control system shall be monitored by the Committee.

- The selection of the independent audit firm, the initiation of independent audit process following the preparation of independent audit agreements and the works of the independent audit company at all stages shall be monitored by the Committee. In this context, the Committee shall determine the independent audit firm from which the service will be obtained and the services to be obtained from these firms, and it shall submit the said to the Board of Directors for approval.
- The Committee shall determine the procedures and criteria to be applied in the review of complaints received by the Company regarding Company's accounting and internal control plus independent auditing, resolving thereof, the review of Company's notifications regarding accounting and independent auditing within the context of confidentiality policy.
- After obtaining the opinions of responsible executives of the partnership and independent auditors and by including its own reviews; the Committee shall submit in writing a report concerning the accuracy of annual and interim financial statements to be disclosed to public and compliance thereof to the accounting principles of the Company and facts.
- The Committee shall immediately notify the Board of Directors in writing the determinations and recommendations regarding issues under its duty and responsibility.

The Committee is obliged to submit the reports required by all of the responsibilities fulfilled by the Committee to the Board of Directors.

7. ENFORCEMENT

The Committee's duties and operating principles and from which members it will consist of shall enter into force by Board of Directors decision and disclosed to the public.