

## PART ONE - GENERAL PROVISIONS

### Article 1 - Purpose and Scope

This Directive, NETAŞ TELECOMMUNICATION INC. ("Netaş" and/or the "Company") regulates the organization, duties, authorities and responsibilities of the Internal Audit Function, as well as working procedures and principles.

### Article 2 - Definitions and Abbreviations

Words used in these principles refers to;

<b>Company</b>	NETAŞ TELECOMMUNICATION INC. and its Affiliates
<b>Audit Committee</b>	NETAŞ Audit Committee
<b>Internal Audit Director</b>	NETAŞ internal audit employee, who is responsible for managing the Internal Audit, inspection and special purpose review activities, and coordinating with the independent audit company that receives support for internal audit studies.
<b>Senior Internal Auditor</b>	A senior NETAŞ internal audit employee, who is responsible for carrying out Internal Audit, inspection and special purpose review activities and coordinating with the independent audit company that receives support for internal audit studies.
<b>Internal Audit Assistant Specialist</b>	NETAŞ internal audit employee, who is responsible for carrying out Internal Audit, inspection and special purpose inspection activities and coordinating with the independent audit company that receives support for internal audit studies.
<b>Internal Audit Function</b>	NETAŞ internal audit team employees and external and/or co-sourcing and independent audit company employees who are supported in field studies.

<b>Frequency of Control</b>	<b>Number of Population</b>
Annual	1
Seasonal	4
Monthly	12
Weekly	52
Daily	250

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### **Article 3 - Mission, Vision and Values**

#### **Mission**

The mission of the Internal Audit Directorate is to develop and protect corporate values by conducting risk-based and objective audits and consultancy activities. The Internal Audit Directorate is an exemplary unit that provides objective auditing and consultancy activities in full compliance with international internal audit standards and professional ethical rules, who adds value to the institution and improves it with an approach that constantly improving itself.

#### **Vision**

To be the main collaborator of the Management by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and corporate governance processes of NETAŞ, it is on the way to make NETAŞ a safe, peaceful, transparent, democratic organization in accordance with its basic quality policy, continuity and profitability targets.

#### **Values**

- Sticking to the principles of honesty, responsibility, accuracy, objectivity and confidentiality in its activities
- Giving utmost importance to objectivity and independence
- Creating a transparent and interactive environment with its stakeholders
- Being open to flexible and professional development related with the audit activity.
- Valuing the opinions and feedbacks of all stakeholders
- Paying attention to the mutual trust relationship with the organization and its individuals
- Being committed to expertise and quality improvement
- Being loyal to the institution

### **Article 4 – Independence**

Internal audit is functionally responsible to the Audit Committee on behalf of the Board of Directors and administratively responsible to the General Manager. Internal audit, reports the audit results to the Audit Committee.

Internal audit functions independently within the framework of the authority given by the Audit Committee while determining the scope of the audit, performing the audit activities and presenting the results

Auditors carry out their duties with full independence within the scope of these principles.

Auditors present the events where they encounter a restriction or obstacle that prevents the successful completion of their duties to the Internal Audit Director, and if deemed necessary, the relevant situation is reported to the Audit Committee in written format.

It is Internal Audit Director's responsibility to ensure that the auditors perform their duties independently and without any external or internal influence.

Internal Audit Department employees cannot assume any administrative duties within the Company as long as they are in the internal audit staff.

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The independence of the internal audit function is regularly evaluated by the Audit Committee as a part of the quality assurance and improvement program.

It is considered against the principle of segregation of duties when the internal audit function is directly involved in the audits that the company receives from external sources. The internal audit function should only take part in the steps that will affect the internal audit in this process.

### **Article 5 - Audit Committee**

The Audit Committee is responsible for overseeing the implementation efficiency and added value of the internal and external audit process, the functioning and adequacy of the internal systems related to accounting, financial reporting and internal control, on behalf of the Board of Directors.

The Audit Committee is formed by the Board of Directors. The Audit Committee prepares a regulation that clearly defines its duties, powers and responsibilities, which will form the basis of its work, and presents it to the Board of Directors.

### **Article 6 – Impartiality**

Auditors act with the principle of impartiality and apply all necessary audit techniques in audit activities in order to achieve the determined objectives of it.

Auditors gather all the information and documents they will need, evaluate these information and documents based on audit findings in a way that will ensure that every auditor with impartial and sufficient knowledge and experience reaches the same conclusions, and form their opinions without compromising the audit quality and without being affected by other thoughts and suggestions.

Auditors immediately inform the Internal Audit Director, Internal Audit Director in case of encountering a situation that may harm their impartiality while performing their duties, and if deemed necessary, the relevant situation is reported to the Audit Committee in writing.

While working in different units of NETAŞ Telekomünikasyon A.Ş., those appointed to the duty of auditor pay the utmost attention to impartiality in their audits regarding the duties they were responsible for before, but they cannot carry out any audit activities related to the duty they were responsible for, before 2 (two) years have passed.

Internal audit pays utmost attention to the application of the principle of impartiality while assigning the auditors.

### **Article 7 - Professional Competence**

Auditors are obliged to have the professional qualification required by their duties, to have knowledge about the subjects in which the Company operates and to improve themselves. Professional qualification; Refers to have the knowledge and skills required by the job, to have the necessary licenses and authorizations, to collect data and evidence related to audit issues, to examine, evaluate and report.

The Internal Audit Director is responsible for assessing the professional competence of the auditors and taking the necessary measures to ensure that the audits are carried out accordingly.

### **Article 8 - Professional Due Diligence**

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Auditors show all necessary attention while performing their duties. For this purpose, they take the necessary precautions against all kinds of malicious acts, errors and omissions, waste, inefficiency and the situation that prevents the impartiality of the auditors and examine them carefully.

The auditors show the necessary care and attention to ensure that the daily work of the units they audit is not disrupted during the audit.

Audit activities are carried out personally by the auditors assigned to audit. Supervision is not transferable among auditors.

Auditors cannot enter into any material and moral relationship, debt-credit relationship, and cannot accept personal gifts with the personnel of the unit they work for and from third parties or institutions that have relations with them.

## **PART TWO - ORGANIZATIONAL STRUCTURE, DUTIES, AUTHORITIES AND RESPONSIBILITIES**

### **Article 9 - Organizational Structure**

Internal audit consists of audit staff where the internal audit function is provided by external source and/or co-sourcing under the leadership of the manager.

Appointment, dismissal and reassignment of the Internal Audit Director are carried out with the decision of the Audit Committee.

### **Article 10 - Duties of Internal Audit**

The main function of internal audit can be expressed as;

- To provide a reasonable level of assurance to the Management in order to ensure the continuation of the operations of the Company and to protect its rights and interests by detecting the malfunctions in the business processes,
- To carry out internal and external risk assessments regarding all systems and processes of the Company to add value to the Company, to plan the necessary audit and consultancy studies for the risks identified,
- To carry out an impartial and independent internal audit activity and consultancy services in order to develop recommendations against the identified risks.

Internal audit fulfills the following tasks in order to contribute to the growth, development and institutionalization of the Company in accordance with the competitive environment, and to assist the operation of the Senior Management's decision-making mechanism rapidly and effectively:

- a) To audit all the business, transactions and activities of the Company according to the risk-based audit plan and to present the results to the Audit Committee at least 4 (four) times a year and to the Board of Directors at least once a year,
- b) Preparing the risk-based audit plan, presenting it to the approval of the Audit Committee and ensuring its implementation,
- c) To examine and evaluate the adequacy and effectiveness of the internal control system,
- d) Checking the compliance with corporate governance principles and ethical rules,

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- e) To examine the effectiveness of corporate risk management practices and to offer suggestions,
- f) To investigate and evaluate the compliance with the decisions of the Board of Directors and the Audit Committee, the works and transactions made on the basis of these decisions, the internal regulations, procedures and instructions, legal regulations and generally accepted accounting principles, plan and budget targets of the company's activities and transactions,
- g) To develop proposals that will ensure the effective and efficient realization of resource use, activities and transactions, within the framework of the strategic decisions to be determined by the Company's Senior Management,
- h) To provide consultancy services on matters deemed appropriate by the Audit Committee, to carry out special studies or to participate in these studies,
- i) Inspecting whether the company assets are adequately protected and making suggestions on taking necessary measures,
- j) Ensuring that internal audit activities are carried out with the use of co-sourcing by getting support from an independent audit company in the execution of field studies,
- k) Coordinating the internal audit activities to provide an adequate audit network for the Company and to avoid repetition of work by the external auditors of the group,
- l) Periodically informing the Audit Committee about the status and results of the annual audit plan and the adequacy of the internal audit function resources. (See Internal Audit Reporting Matrix)

## **Article 11 - Powers of Internal Audit**

In order to fulfill their duties internal audit has the authority to:

- a) Supervising all operations of units and departments affiliated to the Company,
- b) To carry out the necessary inspection and special purpose inspection activities and to report them to the Audit Committee,
- c) To be able to access all functions and transactions, assets, all records, documents and books of the Company without any restrictions, within the framework of confidentiality and secrecy principles while carrying out their work,
- d) To have uninterrupted access to the members of the Audit Committee and the Board of Directors,
- e) To determine the general principles, develop methods, support the development of systems that encourage the efficient work of internal audit personnel for the successful execution of internal audit activities,
- f) Receiving assistance from Company personnel or experts outside the Company, in areas where expertise is required, with the approval of the Audit Committee,
- g) To organize training activities in order to increase the quality of audit work and to closely follow modern audit techniques,
- h) To send the inspection and special purpose inspection reports to the relevant units within the framework of the authority given by the Audit Committee,

- i) In order to provide the Company with the most appropriate audit scope at a reasonable cost, to consider the scope of work of the audit service and regulatory bodies to be received within the scope of internal audit, and to continue the work in coordination.

## **Article 12 - Duties, Powers and Responsibilities of the Internal Audit Director**

Internal Audit Director; Is responsible to the Audit Committee and the Board of Directors for the following duties:

- a) To carry out the duties of the internal audit function specified in Article 10, within the framework of the authorities specified in Article 11,
- b) In order to ensure that the internal audit function works efficiently, taking into account the need and annual audit plan, to coordinate with the independent audit firm that receives support for internal audit and to submit the necessary resource for approval,
- c) To inform the Audit Committee about the adequacy of the resources required to carry out the activities of the internal audit,
- d) Managing the internal audit function and ensuring that co-sourcing personnel work within the framework of the determined principles,
- e) To make the necessary changes in proposals about the Internal Audit Regulation,
- f) To prepare an audit handbook, regulation and template documents that define the methodologies, procedures and principles to be applied during the audit,
- g) To assign the Company personnel, whose technical knowledge is needed in the audit, to the examination, special purpose examination and similar activities, with the approval of the Audit Committee,
- h) To ensure that the resources allocated to internal audit are used effectively and efficiently,
- i) To take necessary precautions to ensure that internal audit activities comply with ethical rules and standards,
- j) Representing the internal audit and ensuring the necessary communication with the Company's Senior Management,
- k) To evaluate the performance of the audit function according to the evaluations received from the managers of the co-resource team and other units that carry out the internal audit activities together with him,
- l) Developing a flexible audit plan, using a risk-based audit methodology and taking into account all the risks and control deficiencies identified by the Management, presenting the prepared audit plan and periodic updates to the Audit Committee for approval,
- m) Implementing the approved audit plan, including special projects requested and deemed appropriate by the Board of Directors and/or the Audit Committee,
- n) Presenting a report to the Audit Committee regarding internal audit activities,
- o) Periodically subjecting internal audit activities to internal evaluation, and conducting researches to improve them when necessary,
- p) To employ professional inspection personnel with sufficient knowledge, skills, experience and professional certifications to fulfill the requirements specified in this regulation.

### **Article 13 - Duties and Powers of Auditors**

The Internal Audit Director and Auditors (employees of independent audit companies approved by the Audit Committee) perform audit, examination, special purpose examination and similar duties and use their powers within the framework of these principles.

The Director of Internal Audit and the team, with the authorities required by their duties, have the title of the auditor and the authorities specified in Article 10.

### **Article 14 - Place of Duty**

The headquarters of the internal audit function is located at the Head Office (Kurtköy). The activities of the internal audit cover companies, units and departments, and different job locations can be created if needed.

Additional benefits related to temporary assignments to be made outside the Head Office of the internal audit function are provided within the framework of the procedures and principles specified for the Company's personnel travels.

### **Article 15 - Appointment, Promotion and Performance Evaluation**

Appointment, promotion and performance evaluations of the Internal Audit Director are evaluated within the framework of the principles determined by the Audit Committee and the Chairman of the Board of Directors.

The necessary training and certification studies for the professional advancement of the Company employee team within the body of internal audit is supported by the company. Auditors are encouraged by the Company to enter certification (CIA, CISA, CFE, SMMM, etc.) applications and exams.

### **Article 16 - Appointment to Administrative Duty**

Auditors, according to Company's needs and demands and their personal qualities may be appointed to administrative duties within the Company with the approval of the Audit Committee and the Board of Directors. If that happens, they are dismissed from the internal audit function and if they return to the Internal Audit Department, they cannot perform an audit activity within the department they are assigned administratively for at least 2 years.

## **PART THREE - WORKING PROCEDURES AND PRINCIPLES**

### **Article 17 - Audit Strategy and Planning**

Internal audit implements the risk-oriented Internal Audit Plan in line with the principle of independence.

The Company's processes are subject to annual risk analysis by internal audit. Risky processes are ranked by determining their impact and importance as a result of this analysis. An Internal Audit Plan is prepared starting from the processes with the highest risk as a result of the analysis made by the internal audit regarding the risky processes that may affect the Company's objectives, activities and assets. Thus, continuous monitoring of high-risk processes is ensured and assurance is given to the Board of Directors regarding the risks identified through the Audit Committee.

In the audit work to be done, one or more of the audit types such as financial, process, compliance, system, performance audit are used according to the objectives of the audit work.



Internal auditors must have sufficient knowledge to assess fraud risks and the way they are managed within the organization; however, internal auditors are not expected to have the expertise of a person whose primary role and responsibility is to detect and investigate fraud.

Fraud and investigation duties are coordinated by the Director of Internal Audit which is assigned by the Board of Directors and the Audit Committee. Studies on fraud investigations may not be included in the Internal Audit Plan. However, reserve periods are determined in the Internal Audit Plan for the fraud requests that may come during the year.

Internal audit may extend the scope of audit activities to include all relevant operational activities in order to investigate a finding of high importance or the possibility of fraud that is outside the scope of the relevant audit, that it determined during the audit activities. Changes to be made within the scope of the audit are carried out in line with the approval of the Internal Audit Director. In the studies to be carried out within the scope of the fraud audit, the duties of the auditors begin with the detailed research and tests related to the audit and are completed with the start of the investigation process.

### **Article 18 – Implementation of the Audit**

The owner of the process regarding the audit work specified in the internal audit plan is informed within a reasonable time before the beginning of the audit. How long in advance and the form of the mentioned notification will be determined by the Internal Audit Director, it may vary depending on the type, scope and content of the audit work to be performed. However, this period cannot be less than 10 days.

An opening meeting is held with the relevant managers of the Company at the beginning of the audit, presenting information about the topic, duration and working method of the audit. If there any audit-related requests, they are received from the managers of the audited unit.

Findings are determined by using the audit methods required by the audit topic during the study. Details of the audit work, results and findings are recorded using specially prepared worksheets.

### **Article 19 - Quality Assurance of Audit**

A quality assurance and development program including internal and external evaluations is established and implemented in order to evaluate all aspects of audit activities and ensure that they are carried out in accordance with International Internal Audit Standards.

#### *Internal Evaluation covers*

- Evaluating the audit quality and the opinions of the audited unit at least once a year,
- Continuous monitoring of the performance of the internal audit activity,
- Periodic reviews, either through self-assessment (evaluating itself) or internally, by people with sufficient knowledge of internal audit practices.

#### *External Evaluation*

The activities of the internal audit are subjected to an independent quality assurance study in accordance with the International Internal Audit Standards at most every 5 (five) years by a qualified and independent reviewer or team from outside the institution. The need to increase the frequency of external reviews, the qualifications required of the external reviewer or team, and their independence are discussed and evaluated between the Director of Internal Audit and the Board and Audit Committee, taking into account the potential for conflicts of interest.



### *Reporting on the Quality Assurance Improvement Program*

The Internal Audit Director must hand in the results of the implemented quality assurance and improvement program to the Board of Directors and the Audit Committee.

### **Article 20 – Post Audit Reporting**

The deficiencies identified as a result of the audit work are evaluated by making necessary discussions with the company's audited unit managers. The report prepared after the said discussion is drafted within at most 10 (ten) working days as a result of the required quality control work, and sent to the managers of the audited unit for review and to express their opinions.

### **Article 21 - Corrective Action Plan**

Opinions of the relevant unit manager regarding the findings and suggestions in the draft audit report are received in written format and included in the report. The opinions of the relevant unit also include the action plan for the corrections.

Audit reports must be answered within 10 (ten) business days at the latest. This period may be extended in mandatory cases and when the request of the manager of the audited unit is deemed reasonable by the Internal Audit Director.

It is essential to specify and comply with reasonable periods for actions foreseen in action plans. The durations included in the action plan should not exceed 0-3 months for high-risk findings, 3-6 months for moderate-risk findings, and 1 year for low-risk findings under normal conditions, in accordance with the risk level of the emerging finding. The action plans that will be longer than the specified periods should be reported to the Audit Committee by the responsible unit.

Internal audit function has the right to express its opinion to the Audit Committee and the Board of Directors in case it does not find the action plans reasonable or does not consider the time given to be sufficient, depending on the risk level of the findings.

### **Article 22 - Preparation, Distribution and Presentation of Reports**

The report is finalized by the internal audit after receiving the opinions of the audited unit management regarding the draft report prepared in line with Articles 20 and 21.

The units, timing and frequency of the distribution of the reports are determined by the internal audit, the publication of the final report and following the receipt of opinions on the draft report is made within 10 (ten) working days at the latest. The final report prepared is submitted to the Audit Committee.

### **Article 23 – Follow-up of Audit Results**

The manager of the audited unit is responsible for considering the findings in the audit report and taking necessary remedial/developing actions.

Internal audit is responsible for monitoring the implementation of recommendations. A status report regarding the action plan is periodically requested from the audited unit within the scope of the monitoring and evaluation activities carried out within this framework.

The follow-up of remedial/developmental actions regarding the findings included in the audit report is carried out in the next audit period or with the monitoring and evaluation studies planned for the follow-up of the audit results, and the results are included in the report. However, audits examining only corrections to findings that require immediate action (high-risk findings) can also be performed.

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According to the auditing results, to track the findings; It is expected that actions related to findings with high level of risk will be resolved within a maximum of three (3) months, actions related to findings with medium level of risk within six (6) months, and actions related to findings with low level of risk within one (1) year.

<b>High</b>	Indicates findings that are high-risk and need to be resolved first. Usually, immediate action is required, but the finding should be resolved within a maximum of 3 (three) months.
<b>Moderate</b>	Indicates findings that are moderately risky and need to be resolved second-priority. Finding must be resolved within 6 (months).
<b>Low</b>	Indicates findings that are low-risk and need to be resolved in a third priority. Although it is generally expected to be resolved within one (1) year, the case that the audited unit management decides not to take action as a result of the benefit and cost evaluation can be evaluated by the Internal Audit Manager and the finding can be closed.

As a result of the monitoring and evaluation studies, internal audit may request additional improvement/development actions for residual risks if it is satisfied that the remedial/improving actions taken regarding the identified risks do not reduce the relevant risk to a reasonable level.

The Director of Internal Audit must discuss the situation with management if he/she believes that the process owner has agreed to accept a level of residual risk that may not be acceptable to the Company. In case if a decision can no longer be made regarding the residual risk, the Director of Internal Audit must report the situation to the Audit Committee and the Board of Directors for resolution.

## **Article 24 – Seasonal Reporting**

Ongoing and completed activities during the period, summaries of completed audit reports and findings, and implementation results of action plans are periodically reported to the Audit Committee every 3 (three) months by the internal audit.

An action report showing that internal audit activities are carried out within the scope of the Internal Audit Plan is prepared annually and presented to the Audit Committee.

In addition, a summary report, in which the current status of the Internal Audit functions, important issues and plans are shared, is presented by the Internal Audit Director to the Board of Directors at least once a year.

The scope and content of the periodic reports made by the internal audit are specified in the "Internal Audit Function Interim Evaluation" and "Internal Audit Function Year-End Evaluation" documents.

## **Article 25 - Providing Consulting Services**

The auditors may provide consultancy services regarding various activities of the Company if deemed necessary by the Board of Directors and/or the Audit Committee. Auditors cannot take responsibility for operations in these duties. It is essential that the subjected consultancy service is impartial, does not conflict with Internal Audit activities, is advisory, and has a structure that increases the effectiveness and efficiency of the consultancy service provided. Compliance with these principles is closely monitored by the Internal Audit Director.

## **Article 26 – Outsourcing/Co-Sourcing**

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Internal audit activity is currently carried out under the coordination of the Internal Audit Director. In addition to the audits carried out with the use of co-sourcing within the annual internal audit plan, experts may be consulted, when deemed necessary, with the approval and permission of the Audit Committee and with the selection and number of them being the responsibility of the Internal Audit Director, due to special audit, examination and special purpose examination, to express their thoughts and opinions on scientific, technical and specialist issues. Fees for Outsourcing/Co-Sourcing are paid with the approval of the Audit Committee and/or the Board of Directors.

## **PART FOUR – OTHER MATTERS**

### **Article 27 – Responsibilities of Auditees**

Company managers and officers at all levels are responsible for providing a suitable workplace for the auditors, taking other measures required by the audit, providing the requested information and documents on time, and providing the necessary assistance to facilitate the audit, for the internal audit work to be carried out properly.

### **Article 28 - Informing the Internal Audit**

In order for the internal audit to carry out its duties effectively, upon the request of the internal audit, the process owners (Managers) ensure that the internal audit is informed in a timely and adequate manner regarding their fields of activity. Information regarding internal and external regulations, which are important for company operations, are made by the relevant units.

Process owners (Managers) are obliged to notify internal audit of any systemic, design and application changes that they think may affect the scope and planning of internal audit's audit within 3 (three) months at the latest.

### **Article 29 - Confidentiality of Information, Documents and Records**

Internal audit employees are obliged to carry out their activities within the framework of the principles of confidentiality and secrecy.

Worksheets and audit evidence are kept securely for 10 (ten) years. Sharing the audit evidence within the Company, when necessary, is done with the approval of the Internal Audit Director, and sharing it with third parties outside the Company, is done with the approval of the Audit Committee.

### **Article 30 – Enforcement and Application**

This Regulation enters into force from the date of its approval and is carried out by internal audit.

The Internal Audit Director is responsible for the implementation of the regulation.

### **Article 31 - Change and Update**

This regulation is reviewed by the Internal Audit Director at least once a year. Changes and updates regarding the “General Provisions” and “Organizational Structure, Duties, Powers and Responsibilities” determined in the Regulation are proposed by the internal audit and approved by the Audit Committee and thus enter into force. Changes in “Working Procedures and Principles” and other issues are done during the year with the approval of the Internal Audit Director providing that they are specified in the annual Internal Audit Activity Plan.