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1. PURPOSE

This charter establishes internal audit framework, organization, responsibility, authority, and working methods carried by Internal Audit Department (IAD).

2. SCOPE

Invalid

3. DESCRIPTIONS

Invalid

4. RESPONSIBILITY

4.1 IAD Objectives and Responsibility

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes

IAD mainly operates to perform audit and reviews in order to determine internal and external exposures by aiming to safeguard rights and assets of Akçansa and its subsidiaries by the authority vested by Audit Committee. Accordingly, IAD performs below listed duties to add value regarding institutionalization, development, improvement of the company operations and management systems and to minimize risks and probable losses.

To review and appraise the adequacy and effectiveness of the internal control systems of Akçansa and its subsidiaries’;

To review compliance to the corporate management principles and ethical values (governance);

To review adequacy and effectiveness of risk management,

To review activities and operations of Akçansa and its subsidiaries in order to ensure compliance with the decisions of general assembly, board of directors, executive committee, plan and budget objectives, internal policies, procedures, manuals, statutory requirements and regulations ;

To conduct or join to special assignments and investigations by the request of the BOD, Audit Committee, ethical committees and executive management if deemed appropriate as per independence and objectivity principle;

Keeping the audit committee informed audit activities and efficiency of the internal control system.

To develop annual audit plans;

To provide follow up for actions undertaken by company management;

To perform consulting activities.

4.2 Code of Ethics

Internal auditors are expected to apply and uphold the following principles:

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The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.

Internal auditors:

shall perform their work with honesty, diligence, and responsibility.

shall observe the law and make disclosures expected by the law and the profession.

shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.

shall respect and contribute to the legitimate and ethical objectives of the organization.

shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.

shall not accept anything that may impair or be presumed to impair their professional judgment.

shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

shall be prudent in the use and protection of information acquired in the course of their duties.

shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

shall engage only in those services for which they have the necessary knowledge, skills, and experience.

shall continually improve their proficiency and the effectiveness and quality of their services.

4.3 Authority

Internal audit department directly reports to the Audit Committee, but performs on behalf of the Board of Directors.

Internal audit department have unrestricted access to all records, personnel, property and operations in conformity of confidentiality principle.

5. PERIOD

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6. RELATED DOCUMENTS

An Internal Audit Guidance support this procedure to lead the detailed working methods of the department

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7. PROCEDURE

7.1 Working Methods

7.1.1 Audit Plan and Approval

Internal Audit Department performs its duties according to internal audit plan and suitable programs. All internal audit activities aim to conform to the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors. Yet, if the full conformance is not achieved, IAD can not disclose “full compliance” within its reports.

The preparations of audit plan and application basics are given below.

Internal Audit Department prepares an annual internal audit plan consistent with Akçansa and its subsidiaries’ strategies, senior management expectations, external environment (economy, politics, competitors, etc...), strategic and operational risks, prioritized process and areas, available control facilities, frequency of previous audits and their findings and accordingly submits to the Audit Committee for approval.

Internal Audit Department may conduct un-planned and special fraud investigations, inspections, or audits by the request of the BOD, Audit Committee, Ethical committees or executive committee. In addition, annual audit plan can be revised in case of necessity or new developments by approval or consent of the Audit Committee.

7.1.2 Audit Engagements

7.1.2.1 Assurance Services

At the beginning phase of the audit, Internal Auditors conduct a preliminary interview with the manager of audited department and related responsible. Auditors inform the auditee about audit subject, duration, and working methods.

During audits, audited department or unit has to provide all facilities and helps for healthy and efficient audit performance.

During audits, auditors show maximum care not to impede auditee’s operations.

7.1.2.2 Consulting Services

Consulting may range from formal engagements, defined by written agreements, to advisory activities, such as participating in standing or temporary management committees or project teams. Internal auditors are expected to use professional judgment to determine the extent to which the guidance provided in this advisory should be applied in each given situation. Special consulting engagements, such as participation in a merger or acquisition project, or in emergency engagements, such as disaster recovery activities, may require departure from normal or established procedures for conducting consulting engagements.

All advisory services carry different specifications and needs to be carefully reviewed in terms of independence, objectivity, value proposition, and consistency, interrelationship between assurance and advisory engagements and communication of the results.

Advisory services are deemed to impair objectivity to a reasonable extent and require an additional disclosure if IAD performs an assurance service on activities of that they advised before unless at least two years did past.

7.1.2.3 Access to Working Papers

Engagement working papers are the property of the organization. Engagement working paper files under the

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control of the IAD Management organization members, may request access to engagement. HC and SA Groups may have unlimited access to engagement working papers as hard copy or in an automated application e.g. audit programs. Such access may be necessary to substantiate or explain engagement observations and recommendations or to utilize engagement documentation for other business purposes. These requests for access should be subject to the approval of the chief audit executive (CAE). Access to audit working papers by external auditors is be subject to the approval of the CAE. There are circumstances where parties outside the organization, other than external auditors, request access to audit working papers and reports. Prior to releasing such documentation, the CAE should obtain the approval of senior management as appropriate. Working papers archived at least 5 years long as hard copy, soft copy or in an audit application.

7.1.3 Engagement Results and Draft Report

Auditors discuss and evaluate conclusions of the engagement with related managers. After discussion, auditors distribute the report to audited units in order to receive their review and opinions.

7.1.4 Action Plan

The final report includes the received management responses regarding each finding and recommendation at the draft report. Management responses should include action plans related with improvements.

7.1.5 Dissemination of the Report

Reports are disseminated to Audit Committee, Chief Audit Executives of HC and SA Groups and Executive Committee Members.

7.1.6 Follow-up

Company management are responsible for implementing necessary and corrective actions by taking into consideration of recommendations and schedules. Internal Audit Department is responsible for monitoring and ensuring that management implements the actions effectively and timely. Related applications or other issues are presented to General Manager or Audit Committee if deemed necessary.

7.2 Related Issues

7.2.1 Responsibility of Auditee

All auditee and other responsible have to give internal auditors appropriate work place and necessary documents timely and provide them with any assistance they may need to facilitate the audit.

7.2.2 Chief Audit Executive and Management

7.2.2.1 Appointment and Removal of Chief Audit Executive

Audit Committee is the sole responsible to appoint and to dismiss Chief Audit Executive

7.2.2.2 Internal Audit Budget and Expenses

Audit Committee reviews and approves internal audit budgets, but General Manager or any of Audit Committee Member approves expenses

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7.2.2.3 Salary and Other Benefits

Chief Audit Executive's salary and other benefits are adjusted by General Manager and submitted to Audit Committee Members to review.

7.2.2.4 Performance Appraisal

Performance of Chief Audit Executive is appraised by General Manager. However, the appraisal is also reviewed by the members of Audit Committee.

7.2.2.5 Annual Leave

Annual leave requests of Chief Audit Executive are approved by General Manager.

7.2.3 Validity and Applications

This chart is valid by approval of the Audit Committee Members. Internal Audit Department is held accountable for administration of this chart.

8. REPORTING CONDITIONS

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9. REVISIONS

Internal Audit Department reviews this chart yearly to ensure that the practice complies.

10. APPENDIX

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Publisher

Internal Audit Department

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Dağıtım:	BÇM		ÇNK		LDK		MERKEZ		KRÇ		HAZIRBETON&AGREGA		AMBARLI	
	Bilg.	Yazılı Kopya	Bilg.	Yazılı Kopya	Bilg.	Yazılı Kopya	Bilg.	Yazılı Kopya	Bilg.	Yazılı Kopya	Bilg.	Yazılı Kopya	Bilg.	Yazılı Kopya
PM		✓		✓		✓		✓		✓		✓		✓
İş Sağlığı ve Güvenliği Müdürlüğü	✓		✓		✓									
Fabrika Müdürlüğü	✓		✓		✓									
Bakım Müdürlüğü	✓				✓									
Makine Bakım Müdürlüğü			✓											
Enerji Üretim ve Elektrik Bakım Müdürlüğü			✓											
Üretim Müdürlüğü	✓				✓									
Üretim Müdürlüğü Klinker			✓											
Çimento Üretim Tesisi Müdürlüğü			✓											
Kalite ve Geliştirme Müdürlüğü			✓											
Kalite ve Ar-Ge Müdürlüğü	✓													
Kağıt Torba					✓									
Proje ve Yatırım Müdürlüğü	✓													
Makine Bakım Şefliği	✓													
Makine Bakım Şefliği (Klinker)			✓											
Makine Bakım Şefliği (Çimento)			✓											
Bakım Planlama ve Makine Bakım Şefliği					✓									
Elektrik Bakım Şefliği	✓													
Enstrüman Bakım Şefliği	✓													
Elektrik ve Enstrüman Bakım Şefliği			✓		✓									
Elektrik Bakım Mühendisliği			✓											
Bakım Planlama Şefliği	✓													
Bakım Planlama Mühendisliği			✓		✓									
Kalite Kontrol ve Laboratuvar Şefliği	✓		✓		✓				✓					
Proses Kontrol Şefliği	✓													
Bölge Satış Müdürlüğü (Güney Marmara)			✓											
Kuzey Bölgesi Satış Müdürlüğü	✓													
Orta Karadeniz Bölgesi Satış Müdürlüğü					✓									
Mamul Şefliği	✓													
Yarı Mamul Şefliği	✓													
Yarı Mamul ve Mamul Şefliği					✓									
Ocaklar ve Hammadde Hazırlama Şefliği	✓				✓									
Çimento Üretim Şefliği			✓											
Hammaddeler Hazırlama Şefliği			✓											

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Klinker Üretim Şefliği			✓										
Ocaklar Şefliği			✓										
Paketleme ve Sevkiyat Şefliği			✓										
Sosyal İşler Şefliği	✓		✓										
Sağlık Birimi	✓		✓		✓								
Stok Kontrol ve Ambar Şefliği	✓		✓										
Sosyal İşler Şefliği/Uzmanlığı					✓								
Stok Kontrol ve Ambar Şefliği/Uzmanlığı					✓								
Terminaller Yetkililiği (Aliğa-Yalova)			✓										
Terminal Şefliği-Yalova			✓										
Ambarlı Liman Şefliği												✓	
Genel Müdürlük							✓						
Kurumsal Performans ve Risk Yönetim Müdürlüğü							✓						
Strateji ve İş Geliştirme Müdürlüğü							✓						
Genel Müdür Yardımcısı/Çimento Satış ve Pazarlama							✓						
Genel Müdür Yardımcısı/Finans							✓						
Genel Müdür Yardımcısı/İşletmeler	✓												
Genel Müdür Yardımcısı/Hazır Beton ve Agrega							✓						
Genel Müdür Yardımcısı/Satınalma ve Lojistik							✓						
Lojistik Müdürlüğü												✓	
Çevre ve AFR (Alternatif Yakıt ve Hammadde) Müdürlüğü	✓												
Bilgi İletişim Teknolojileri Müdürlüğü							✓						
Bilgi Sistemleri Sorumluluğu/Şefliği							✓						
Bilgi Teknolojileri Sorumluluğu/Şefliği	✓		✓		✓		✓						
Çimento Satış Teknik Destek Yetkililiği	✓												
Hammaddeler Müdürlüğü	✓												
İç Denetim Müdürlüğü							✓						
İnsan Kaynakları Müdürlüğü							✓						
İnsan Kaynakları Şefliği (İşgücü Plan. Ve Ücretlendirme)							✓						
İnsan Kaynakları Şefliği (Çalışma İlişkileri, Personel İdaresi Ve Bordro)	✓		✓		✓		✓						
İnsan Kaynakları Şefliği (Org.							✓						

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