



Transparency Report

**Year Ended
30 September 2016**

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik Anonim Şirketi

31 January 2017



Contents

1	Message from the Senior Partner	4
2	Who we are	5
	2.1 Our business	5
	2.2 Our strategy	5
3	Our structure and governance	6
	3.1 Legal structure	6
	3.2 Name, Ownership and legal relationship	6
	3.3 Responsibilities and obligations of member firms	6
	3.4 Governance structure	7
4	System of quality control	9
	4.1 Tone at the top	11
	4.2 Association with the right clients	12
	4.3 Clear standards and robust audit tools	14
	4.4 Recruitment, development and assignment of appropriately qualified personnel	19
	4.5 Commitment to technical excellence and quality service delivery	20
	4.6 Performance of effective and efficient audits	22
	4.7 Commitment to continuous improvement	26

5	Financial Information	30
6	Partner Remuneration	30
7	Network arrangements	31
	7.1 Legal Structure	31
	7.2 Responsibilities and obligations of member firms	31
	7.3 Professional Indemnity Insurance	31
	7.4 Governance structure	31
	7.5 Area Quality & Risk Management Leaders	32
8	Statement by the Board of Akis on the effectiveness of quality controls and independence	33
	Appendix 1. Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ Ownership Structure	34
	Appendix 2. Public-Interest Entities	35
	Appendix 3. KPMG Values	38
	Appendix 4. Details of those charged with governance at Akis	39

1

Message from the Senior Partner

Our values, beliefs, our joie-de-vivre and our points of interpreting life were determining the shade, tone and color of our story. Our tools and methods, in other words our strategy, constituted the plot of our tale. The characters and heroes of the story were us: Those who realize themselves while working at KPMG Turkey, contribute to the enhancement of trust, transparency and effectiveness of the business world with the services they provide to their customers and the institutional examples they try to generate and not only because they provide services in return but who are also appreciated and encouraged by their colleagues, families and friends in return...

As our story unfolded, our reactions to events, paths we chose, our losses and gains; and our testimonials of each other composed of our joys, sorrows and tribulations bonded us to each other in a manner that cannot be formulated. As years passed by, we became aware that we were advancing the story in a brisk manner and bringing it to great and engaging junctions and our desire and passion was getting stronger to carry it to a holistic conclusion that we could tell and tell again.

Being aware of our story and pursuing it has enhanced our integrity, strength and vitality. We have managed to connect the different stages of our journey and “episodes” of our story to each other and sustain this appropriately without slowing down the tempo or passing through repetitions. The part that we were to write/ experience had to be better than those written prior to us; but more importantly, it had to contain reliable clues so that what was written after us would be more beautiful than what we were writing with all its appeal.

We also express this, as our stakeholders knowing us hold out their hand to us trustingly and call out to us regardless of what situation they may be in. We move forward towards the horizon by serving, winning hearts and enjoying this journey of ours. We will continue to be a responsible community that instills trust in people, powers up the economy, generates transparency in society, but also knows how to smile at the same time, all this thanks to your support.

Murat Alsan
Chairman and Senior Partner

Throughout this document, “KPMG” (“we”, “our” and “us”) refers to Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (“Akis”). KPMG is a member of the KPMG network of independent firms affiliated with KPMG International Cooperative (“KPMG International”). KPMG International, a Swiss entity, provides no client services.

2 Who we are

2.1 Our business

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (here in after “Akis” or “KPMG”) is a professional services firm that delivers Audit and Advisory services. We operate out of 3 offices across Turkey and had an average of 664 personnel in the year to 30 September 2016 (2015: 639).

Our audit services in Turkey are delivered through Akis. Full details of the services offered by KPMG can be found on our website (<https://home.kpmg.com/tr/en/home.html>).

2.2 Our strategy

Our vision is to be “the clear choice” in professional services for our clients, for our people and for the communities we work in Turkey. Our strategy is set by the Board and has remained consistent for some time. It has determined that our overall ambition remains to be the number one multi-disciplinary professional services firm in Turkey.

Vision

The Clear Choice

Purpose

Inspire Confidence
Empower Change

Strategy

Flagships



Boom In
Communication



Wining leaders



Process oriented firm



KPI's

Revenue Growth

Leadership Capacity

Increasing Global
People
Survey Score

Strategic Initiatives

Audit

Deal with Seasonality & Overtime
Mobilize for Rotation
Value of Audit Project

Advisory

Accelerate
Growth through KPMG Turkey SGIs
MC, IT, FS
Integrated Advisory
Rotation Program

Our structure and governance

3.1 Legal structure

Legal structure and ownership

Akis is affiliated with KPMG International, a Swiss cooperative which is a legal entity formed under Swiss law. Further details about KPMG International and its business, including our relationship with it, are available in the supplement to the KPMG International Transparency Report.

KPMG International is a global network of professional services firms providing Audit, Tax and Advisory services to a wide variety of public and private sector organizations. KPMG International's structure is designed to support consistency of service quality and adherence to agreed values wherever the member firms operate.

As at 30 September 2016, Akis is wholly owned by 14 shareholders who are set out in Appendix 1.

3.2 Name, Ownership and legal relationship

"KPMG" is the registered trademark of KPMG International and is the name by which the member firms are commonly known. The rights of member firms to use the KPMG name and marks are contained within agreements with KPMG International.

Member firms are generally locally owned and managed. Each member firm is responsible for its own obligations and liabilities. KPMG International and other member firms are not responsible for a member firm's obligations or liabilities.

Member firms may consist of more than one separate legal entity. If this is the case, each separate legal entity will be responsible only for its own obligations and liabilities, unless it has expressly agreed otherwise.

3.3 Responsibilities and obligations of member firms

Under agreements with KPMG International, member firms are required to comply with KPMG International's policies and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes having a firm structure that ensures continuity and stability and being able to adopt global strategies, share resources (incoming and outgoing), service multi-national clients, manage risk and deploy global methodologies and tools.

Each member firm takes responsibility for its management and the quality of its work.

Member firms commit to a common set of KPMG values (see Appendix 3).

KPMG International's activities are funded by amounts paid by member firms. The basis for calculating such amounts is approved by the Global Board and consistently applied to the member firms. A firm's status as a KPMG member firm and its participation in the KPMG network may be terminated if, among other things, it has not complied with the policies and regulations set by KPMG International or any of its other obligations owed to KPMG International. Along with Akis which is the main member firm of KPMG International, Yetkin Yeminli Mali Müşavirlik A.Ş., Yetkin Serbest Muhasebeci ve Mali Müşavirlik A.Ş., KPMG Yönetim Danışmanlığı A.Ş and KPMG İş ve Yönetim Danışmanlığı A.Ş. operate as sublicensee firms of Akis.

3.4 Governance structure

Akis applies high standards of corporate governance.

The Board

The Senior Partner chairs the Board ensuring that the Board members receive accurate, timely and clear information and ensuring effective communication and relationships with the members at large.

The principal governance and oversight body of Akis is the Board which provides leadership to the organisation and is responsible for our long term growth and sustainability, setting our strategy and overseeing its implementation, monitoring performance against our business plan and protecting and enhancing the KPMG brand. The Board consists of 3 members, including the Senior Partner, the Head of Quality & Risk Management and Head of Audit.

As at 30 September 2016, the Board of Directors are set out in the table below.

AKİS BAĞIMSIZ DENETİM VE SMMM A.Ş. BOARD OF DIRECTORS	
Chairman of the Board of Directors	Ferruh Tunç
Vice Chairman of the Board of Directors	Hatice Nesrin Tuncer
Member of the Board of Directors	Murat Alsan

Changes after the year-end

The following changes have occurred subsequent to year-end:

Ferruh Tunç was retired and Murat Alsan was elected as Senior Partner and appointed Chairman of the Board of Directors in January 2017.

Orhan Akova was appointed Quality and Risk Management Partner in January 2017 and joined the Board of Directors.

Full details of those charged with governance for Akis, including their biographies are set out in Appendix 4.

In addition, there are six main bodies that deal with key aspects of governance within the group that report into the Board. These are;

- The Management Committee
- The Audit & Risk Committee
- The Remuneration Advisory Committee
- The Investment Committee
- The Operations Committee
- The Disciplinary Committee

Details about the role and responsibilities and composition of each of these key bodies are set out below.

The Management Committee

Management executive decisions for Akis are taken by the Management Committee, which meets regularly (monthly) and is chaired by the Senior Partner.

The Management Committee consists of Senior Partner; Head of Quality and Risk Management, Head of Audit, Head of Advisory, Head of Markets, Chief Operating Officer and Head of People.

The Audit & Risk Committee

The principal role of the Audit & Risk Committee is to provide oversight of quality & risk management matters, identifying and reporting relevant issues to the Board in a timely manner and presenting annually to the Annual Partners' Meeting on its work. As part of its role it oversees that a culture of quality and integrity is maintained and, where required, it will act as a sounding board to the Quality and Risk Management Partner on the policies and procedures relating to professional risk management, ethics and independence, quality control and compliance. The Committee also considers the impact of the key findings from our compliance quality monitoring programs and the adequacy of proposed remedial actions.

During the year ended 30 September 2016, The Quality & Risk Management Committee consisted of 3 members being the partners of Akis. The Quality & Risk Management Committee met 2 times in the year to 30 September 2016.

The Remuneration Advisory Committee

The Remuneration Advisory Committee is responsible for determining the remuneration of the senior partner and making recommendations on policies for partners' remuneration. It is also responsible for approving the process for determining partner remuneration and hearing appeals from partners regarding their remuneration. As part of its activities, the Remuneration Advisory Committee receives and considers a report from the Quality and Risk Management Partner on (i) the approach to ensuring that quality issues are appropriately considered in partner counselling and (ii) whether or not there are any quality concerns about specific partners.

Further information regarding partner remuneration is set out in section 6.

The Investment Committee

The Investment Committee commits itself to form and objective view on the investments brought to it. This includes (not limitative); the preparation of detailed feasibility study, detailed evaluations of both quantitative and qualitative aspects of the investments, standpoint on the investments and a clear recommendation to the Board on the go/no go as well as proper evaluation of alternatives for the investment.

The Investment Committee will form and view and deliver an advice on any Project that involves an investment over USD 250, 000. One member of each function are appointed to the Investment

Committee as committee member. Nominations for succession are made by the function heads, approved by the Management Team.

The Operations Committee (OPCO)

The Operations Committee is established with the purpose of supporting the Chief Operational Officer (COO). The main responsibilities of the OPCO are managing day to day operational controls, functional co-ordination of annual business planning, as well as periodic updates to those plans, providing regular operations updates to the Management Team

The OPCO meets once a month. The members of the OPCO are Company COO, Function COOs, and representatives from Human Resources, Finance, Accounting, Quality and Risk Management and Information Technologies.

The Disciplinary Committee

The Disciplinary Committee is responsible for ensuring the approach taken to address the disciplinary issues comply with the principles. The Disciplinary Committee comprises of representatives from Human Resources, Finance, Quality and Risk Management, Audit and Advisory. The members rotate on an annual basis and are selected by the management team at the commencement of the new financial year.

Head of Human Resources is responsible to call The Disciplinary Committee to action in order to decide on any disciplinary sanctions.

In the absence of disciplinary infringements the disciplinary committee still meets twice a year to review independence breaches and quality incidents that are currently tracked by Quality & Risk Management Partner.

4

System of quality control

Overview

A robust and consistent system of quality control is an essential requirement in performing high quality services.

Accordingly, KPMG International has quality control policies that apply to all member firms. These are included in KPMG's Global Quality & Risk Management Manual (Global Q&RM Manual) available to all personnel. These policies and associated procedures are designed to guide member firms in complying with relevant professional standards, regulatory and legal requirements and in issuing reports that are appropriate in the circumstances.

These policies and procedures are based on the International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB) and on the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA). Both of these are relevant to firms that perform statutory audits and other assurance and related services engagements.

Our firm implements KPMG International policies and procedures and adopts additional policies and procedures that are designed to address rules and standards issued by Public Oversight and Accounting and Auditing Standards Authority (POA), Banking Regulation and Supervision Agency (BRSA), Capital Markets Board (CMB), Under secretariat of Treasury, Energy Market Regulatory Authority (EMRA) Turkish Certified Public Accountant and Chartered Accountant Union of Chambers (TÜRMOB), the Public Company Accounting Oversight Board (PCAOB) and other relevant regulators as well as applicable legal and other requirements.

KPMG International's policies reflect individual quality control elements to help our personnel act with integrity and objectivity, perform their work with diligence and comply with applicable laws, regulations and professional standards.

Amendments to risk and quality policies, including ethics and independence policies, are communicated by email alerts from KPMG International and included in quality and risk communications. KPMG is required to implement changes specified in the email alerts and this is checked through internal monitoring.

Quality control and risk management are the responsibility of all KPMG personnel. This responsibility includes the need to understand and adhere to firm policies and associated procedures in carrying out their day-to-day activities. The system of quality control applies to KPMG personnel.

While many KPMG quality control processes are cross-functional and apply equally to advisory work, the remainder of this section focuses on the delivery of quality audits. In this section we therefore focus on our system of audit quality control.

Audit quality framework

At KPMG audit quality is not just about reaching the right opinion, but how that opinion is reached. It is about the processes, thought and integrity behind the audit report. We view the outcome of a quality audit as the delivery of an appropriate and independent opinion in compliance with the auditing standards. This means, above all, being independent and compliant with relevant legal and professional requirements.

To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver an appropriate and independent opinion, KPMG

International utilizes the Audit Quality Framework. This framework uses a common language that is used by all KPMG member firms to describe what we believe drives audit quality and to highlight how every audit professional at KPMG contributes to the delivery of audit quality.

The Audit Quality Framework identifies seven drivers of audit quality:

1. tone at the top
2. association with the right clients
3. clear standards and robust audit tools
4. recruitment, development and assignment of appropriately qualified personnel
5. commitment to technical excellence and quality service delivery
6. performance of effective and efficient audits
7. commitment to continuous improvement

“Tone at the top” sits at the core of the Audit Quality Framework’s seven drivers of audit quality and helps ensure that the right behaviors permeate across the entire KPMG network. All of the other drivers are presented within a virtuous circle because each driver is intended to reinforce the others. Each of the seven drivers is described in more detail in the following sections of this report.



4.1 Tone at the top

The culture of KPMG International and the member firms is underpinned by a strong set of values and supporting policies and processes and enables the right attitudes and behaviors to permeate throughout the KPMG network, starting from the very top. We promote a culture in which consultation is encouraged and recognized as a strength.

Tone at the top means that Akis leadership demonstrates commitment to quality, ethics and integrity and communicates its commitment to clients, stakeholders and society at large.

Integrity is a critical characteristic that stakeholders expect and rely on. It is also the key KPMG “Value” – above all, we act with integrity. Integrity means constantly striving to uphold the highest professional standards, providing sound good-quality advice to our clients and rigorously maintaining independence.

Our Values, which have been explicitly codified for a number of years, are embedded into working practices and values-based compliance culture at Akis. Individuals are encouraged to raise their concerns when they see behaviors or actions that are inconsistent with our values or professional responsibilities. Our Values are considered in the performance appraisal process that our people follow and adherence to these Values is also reviewed when our people are considered for more senior promotions, including to Partner. Our Values are set out in Appendix 3.

Code of conduct

KPMG International’s Code of Conduct incorporates our Values and defines the standards of ethical conduct that is required from all KPMG people.

It sets out our ethical principles and helps partners and employees at Akis to understand and uphold those principles. In addition, the Code of Conduct emphasizes that each partner and employee is personally responsible for following the legal, professional and ethical standards that apply to his or her job function and level of responsibility. It has provisions that require our people to

- comply with all applicable laws, regulations and Akis policies
- report any illegal acts, whether committed by Akis personnel, clients or other third parties
- report breaches of risk management policies
- uphold the highest levels of client confidentiality
- not offer, promise, make, solicit or accept bribes (whether directly or through an intermediary).

In addition the KPMG International hotline as well as a local hotline is a vehicle for KPMG partners, employees, clients and other parties to confidentially report concerns they have relating to certain areas of activity by KPMG International itself, its employees or the senior leadership of a KPMG member firm.

4.1.1 Leadership responsibilities for quality and risk management

Akis demonstrates commitment to quality, ethics and integrity and communicates its focus on quality to clients, stakeholders and society. However, leadership plays a critical role in setting the right tone and leading by example.

Our leadership team is committed to building a culture based on quality, integrity and ethics, demonstrated through their actions - written and video communications, presentations to teams and one-to-one discussions.

The following individuals have leadership responsibilities for quality and risk management at Akis.

Senior partner

In accordance with the principles in ISQC 1, the senior partner has assumed ultimate responsibility for Akis Bağımsız Denetim ve SMMM AŞ system of quality control. Details of some of the measures that he and the rest of the Board have taken to ensure that a culture of quality prevails within Akis Bağımsız Denetim ve SMMM AŞ are set out below.

Quality and Risk Management Partner (QRMP)

Operational responsibility for the system of quality control, risk management and compliance in Akis Bağımsız Denetim ve SMMM AŞ has been delegated to the Quality and Risk Management

Partner who is responsible for setting overall professional risk management and quality control policies and monitoring compliance for firm. He has a seat on the Management Team and has a direct reporting line to the senior partner. The fact that the role is a Management Team position and seniority of the reporting lines, underlines the importance that the group places on risk and quality issues. The QRMP is supported by a team of partners and professionals in each of the functions.

The Audit and Advisory functions – Function Heads

The two heads of the client service functions (Audit and Advisory) are accountable to the senior partner for the quality of service delivered in their respective functions. Between them, they determine the operation of the risk management, quality assurance and monitoring procedures for their specific functions within the framework set by the Quality and Risk Management Partner. These procedures make it clear that at the engagement level, risk management and quality control is ultimately the responsibility of all professionals.

Head of Audit is responsible for leading a sustainable high quality Audit practice that is attractive to KPMG people. This includes:

- setting the right ‘tone at the top’ by demonstrating an unwavering commitment to the highest standards of professional excellence, including skepticism, objectivity and independence
- developing and implementing strategies to monitor and maintain knowledge and skills required of partners and employees to fulfill their professional responsibilities
- working with the Quality and Risk Management Partner to monitor and address audit quality and risk matters as they relate to the Audit practice, including an annual evaluation of activities considered to be key to Audit quality.

Audit Leadership Team

The Audit Leadership Team met 24 times during the year (2015: 24) and these meetings included regular discussions about current and emerging audit quality issues arising from external and internal quality review processes, queries being raised by engagement teams, root cause analysis procedures and other quality matters identified

from a variety of sources. Additionally, the issues related with financial figures, clients and people are also included in the regular discussions. These were debated, other observations collected from client-facing teams were considered and actions agreed. Typically, most of these actions are short term, in which case they are developed and communicated through the regular technical briefings issued to the whole Audit function and also, if considered of sufficient magnitude, in the next mandatory training. For more complex issues (which might require amendments to KPMG’s global audit methodology or audit tools) these will be raised with Global Audit for consideration and potential development by the Global Services Centre (GSC) and International Standards Group (ISG).

Audit Quality Team

In addition to these regular meetings, within the Audit function our Audit Quality Team considered matters relating to maintaining and improving audit quality. During the year, the Audit Quality Team comprised 13 people. The Audit Quality Team met 5 times during the year (2015: 5) and considered the detailed findings (and related actions) from external regulatory reviews, the internal

Quality Performance Review program and other quality control programs, as well as papers on a range of issues designed to allow us to challenge ourselves in various aspects of audit quality and improvement.

4.2 Association with the right clients

4.2.1 Acceptance and continuance of clients and engagements

Rigorous client and engagement acceptance and continuance policies and processes help protect KPMG’s reputation, support our brand and are an important part to our ability to provide high-quality professional services.

Accordingly, KPMG International has established policies and procedures which all member firms are required to implement in order to decide whether to accept or continue a client relationship and whether to perform a specific engagement for that client.

4.2.2 Prospective client and engagement evaluation process

Before accepting a client, we undertake an evaluation of a prospective client. This involves an assessment of the prospective client's principals, its business and other service-related matters. This also involves background checks on the prospective client, its key management and beneficial owners. A key focus is on the integrity of management at a prospective client and the evaluation considers breaches of law and regulation, anti-bribery and corruption and human rights among the factors to consider. A second partner, as well as the evaluating partner, approves each prospective client evaluation. Where the client is considered to be 'high risk' the Quality and Risk Management Partner or delegate is involved in approving the evaluation.

The prospective engagement partner evaluates each prospective engagement, in practice this may be completed at the same time as the client evaluation, particularly in respect of audit appointments. The evaluation identifies potential risks in relation to the engagement. A range of factors are considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, KPMG's conflicts and independence checking system) as well as factors specific to the type of engagement, including for audit services, the competence of the client's financial management team and the skills and experience of personnel assigned to staff the engagement. The evaluation is made in consultation with other senior Akis personnel and includes review by quality and risk management leadership as required.

Where audit services are to be provided for the first time, the prospective engagement team is required to perform additional independence evaluation procedures including a review of any non-audit services provided to the client and of other relevant relationships.

Similar independence evaluations are performed when an existing audit client becomes a public interest entity or additional independence restrictions apply following a change in the circumstances of the client.

We follow specific procedures (detailed further in section 4.3.2.6 Independence clearance process) to identify and evaluate threats to independence for prospective audit clients that are public interest entities.

Depending on the overall risk assessment of the prospective client and engagement, additional safeguards may be introduced to help mitigate the identified risks. Any potential independence or conflict of interest issues are documented and resolved prior to acceptance.

A prospective client or engagement will be declined if a potential independence or conflict issue cannot be resolved satisfactorily in accordance with professional and firm standards, or if there are other quality and risk issues that cannot be appropriately mitigated.

4.2.3 Continuance process

An annual re-evaluation of all KPMG audit clients is undertaken. In addition, clients are re-evaluated if there is an indication that there may be a change in their risk profile. Recurring or long running non-audit engagements are also subject to annual re-evaluation.

This re-evaluation serves two purposes. Firstly, we will decline to continue to act for any client we consider it would not be appropriate to continue to be associated with. Secondly and more commonly, we use the re-evaluation process to consider whether or not any additional risk management or quality control procedures need to be put in place for the subsequent engagement we perform for that client (this may include the assignment of additional professionals such as EQC reviewer or the need to involve additional specialists on the audit).

4.2.4 Withdrawal

Where we obtain information that indicates that we should withdraw from an engagement or from a client relationship, we consult internally and identify any required legal and regulatory steps. We also communicate as required with those charged with governance and any other appropriate authority.

Client portfolio management

Our leadership appoints engagement partners who have the appropriate competence, capabilities, time and authority to perform the role for each engagement.

4.3 Clear standards and robust audit tools

All our professionals are expected to adhere to KPMG International and Akis policies and procedures (including independence policies) and are provided with a range of tools and guidance to support them in meeting these expectations. The policies and procedures set for audit engagements incorporate the relevant requirements of accounting, auditing, ethical and quality control standards and other relevant laws and regulations, mainly audit regulations of the POA.

4.3.1 Audit methodology and tools

Significant resources are dedicated to keeping our standards and tools complete and up to date. KPMG International's audit methodology, developed by the Global Service Centre (GSC), is based on the requirements of the International Standards on Auditing (ISAs). The methodology is set out in KPMG International's Audit Methodology (KAM) and includes additional requirements that go beyond the ISAs, which KPMG International believes enhance the quality of audit. KPMG member firms may add local requirements and/or guidance in KAM to comply with additional professional, legal, or regulatory requirements. Our audit methodology is supported by eAudIT, KPMG International's electronic audit tool, which provides Akis auditors with the methodology, guidance and industry knowledge needed to perform high-quality audits.

eAudIT's activity-based workflow provides engagement teams with ready access to relevant information at the right time throughout the audit, thereby enhancing effectiveness and efficiency and delivering value to stakeholders. The key activities within the eAudIT workflow are:

Engagement setup

- perform engagement acceptance and scoping
- determine team selection and timetable

Risk assessment

- understand the entity

- plan for involvement of our specialists and external experts, internal audit, service organizations and other auditors as required
- evaluate design and implementation of relevant controls
- conduct risk assessment and planning discussion
- determine audit strategy and planned audit approach

Testing

- test operating effectiveness of selected controls
- plan and perform substantive procedures

Completion

- update risk assessment
- perform completion procedures, including overall review of financial statements
- perform overall evaluation, including evaluation of significant findings and issues
- communicate with those charged with governance (e.g., the audit committee)
- form the audit opinion.

KAM contains examples and guidance for, among other things, procedures intended to identify and assess the risk of material misstatement and procedures to respond to those assessed risks. The KPMG methodology encourages engagement teams to exercise professional skepticism in all aspects of planning and performing an audit.

Our methodology encourages use of specialists when appropriate and also requires involvement of relevant specialists in the core audit engagement team when certain criteria are met or where the audit team considers it appropriate or necessary.

KAM includes the implementation of quality control procedures at the engagement level that provide us with reasonable assurance that engagements comply with the relevant professional, legal, regulatory and KPMG International requirements.

The policies and procedures set out in KAM are specific to audits and supplement the policies and procedures set out in the Global Q&RM Manual that is applicable to all KPMG member firms, functions and personnel and is tailored in the

Quality and Risk Management Manual-Turkey for any local policies and procedures.

4.3.2 Independence, integrity, ethics and objectivity

4.3.2.1 Overview

KPMG International have detailed independence policies and procedures, incorporating the requirements of the IESBA Code of Ethics. These are set out in KPMG's Global Q&RM Manual. Automated tools facilitate compliance with these requirements.

These policies are supplemented by other processes to ensure compliance with the standards issued by POA and other local regulators. These policies and processes cover areas such as firm independence (covering for example, treasury and procurement functions), personal independence, firm financial independence, post-employment relationships, partner rotation and approval of audit and non-audit services.

To help ensure ethical conduct, including integrity and independence, KPMG International requires that each member firm and its personnel, must be free from prohibited financial interests in and prohibited relationships with, the audit clients, their management, directors and significant owners.

Akis has a designated Ethics and Independence Partner (EIP) who has primary responsibility for the direction and execution of ethics and independence policies and procedures. Member firms' EIPs are supported by the Global Independence Group. The Partner-in-Charge of the Global Independence Group is supported by a core team of specialists to help ensure that implement robust and consistent independence policies, procedures and tools are implemented. In Turkey EIP and QRMP responsibilities are executed by the same person.

Amendments to KPMG International's ethics and independence policies in the course of the year are communicated by e-mail alerts and included in regular quality and risk communications. Member firms are required to implement changes as specified in the email alerts and this is checked through the internal monitoring programs described in section 4.7.1. All our ethics and

independence policies are available on our Quality & Risk Management manual and intranet portal.

Akis personnel are required to consult with the EIP on certain matters as defined in the Global Q&RM Manual.

In the event of failure to comply with our independence policies, professionals are subject to an independence disciplinary policy. Matters arising are factored into promotion and compensation decisions and performance discussions.

The disciplinary policy is communicated to all professionals and applies to all breaches of independence rules, incorporating incremental sanctions reflecting the seriousness of any violations.

4.3.2.2 Personal financial independence

KPMG International policy extends the IESBA Code of Ethics and Code of Ethics of POA restrictions on ownership of audit client securities to every member firm partner in respect of any audit client of any member firm.

Each member firm and its professionals must be free from prohibited financial interests in and prohibited relationships with, KPMG's audit clients, their management, directors and significant owners.

Akis professionals are responsible for making appropriate inquiries and taking other appropriate actions on an ongoing basis to ensure that they do not have any personal financial, business or family interests that are restricted for independence purposes.

In common with other member firms of KPMG International, we use a web-based independence compliance system (KICS) to assist our professionals in their compliance with personal independence investment policies. This system contains an inventory of publicly available investment products.

Partners and all client facing staff who are manager grade or above are required to use the KICS system prior to entering into an investment to identify whether they are permitted to do so. They are also required to maintain a record of all of their investments in KICS, which automatically notifies them if their investments subsequently become restricted and they must dispose of that

investment within 5 business days of the notification. We monitor partner and manager compliance with this requirement as part of our program of independence compliance audits of a sample of professionals.

4.3.2.3 Employment relationships

Any professional providing services to an audit client irrespective of function is required to notify our EIP if they intend to enter into employment negotiations with that audit client. For partners, this requirement extends to any audit client of any KPMG member firm that is a public interest entity.

Former members of the audit team or former partners of a member firm are prohibited from joining an audit client in certain roles unless they have disassociated from the member firm financially and have ceased participating in Akis business or professional activities.

Key audit partners and members of the chain of command for an audit client that is a public interest entity are subject to time restrictions (referred as 'cooling-off' periods) that preclude them from joining that client in certain roles until a defined period of time has passed.

We communicate and monitor requirements in relation to employment of Akis professionals by audit clients.

4.3.2.4 Firm financial independence

Akis also uses KICS to record their own investments in the listed entities and affiliates (including funds) in US Security and Exchange Commission ("SEC"), locally listed companies and funds, direct and material indirect investments held in pension and employee benefit plans (including non-public entities and funds).

Additionally, we are required to record in the system all borrowing and capital financing relationships and custodial, trust and brokerage accounts that hold member firm assets.

On an annual basis, Akis confirms compliance with independence requirements as part of the Risk Compliance Program.

4.3.2.5 Business relationships/suppliers

Akis has policies and procedures in place that are designed to ensure that business relationships are maintained in accordance with the IESBA Code of Ethics and Code of Ethics of POA and other local regulator (BRSA, CMB, POA) requirements. Compliance with these policies and procedures is reviewed periodically.

These include establishing and maintaining a process to evaluate potential third party arrangements (for example business alliances and joint working arrangements, procurement relationships and marketing and public affairs activities) with particular regard to whether they have a bearing on auditor independence.

All prospective business relationships are evaluated to assess association risks and to identify potential auditor independence and conflicts of interest issues. A relationship involving a third party service provider that a member firm will use to assist with client engagements or other purposes is also evaluated to determine whether the third party has the competence to provide the relevant services. The individuals providing the services are required to confirm they understand and will comply with applicable ethics and independence requirements and they are also required to complete ethics training. Certain third parties are required to complete independence training.

4.3.2.6 Independence clearance process

Akis follows specific procedures to identify and evaluate threats to independence related to prospective audit clients that are public interest entities; these procedures, also referred to as 'the independence clearance process,' must be completed prior to accepting an audit engagement for these entities.

4.3.2.7 Independence training and confirmations

Akis provides all relevant personnel (including all Partners and client service professionals) with independence training that is appropriate to their grade and function on an annual basis. New personnel who are required to complete this training must do so by the earlier of (a) thirty days after joining Akis or (b) before providing any services to any clients (including SEC client or its affiliates).

We also provide all personnel with training on the Code of Conduct and ethical behavior, including KPMG's anti-bribery policies, compliance with laws, regulations and professional standards and reporting suspected or actual non-compliance with laws, regulations, professional standards and KPMG's policies on a biennial basis. New personnel are required to complete this training within 3 months of joining the firm.

Upon acceptance of employment, all KPMG personnel are required to confirm that they are in compliance with and will abide by applicable ethics

and independence rules and policies. Thereafter, all KPMG personnel are required to sign an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies throughout the year covered by the confirmation.

In addition, all KPMG personnel are required to confirm their understanding of and compliance with, the applicable Code of Conduct upon joining their member firm and on an annual basis thereafter. This confirmation is used to evidence the individual's compliance with and understanding of our independence policies.

4.3.2.8 Non-audit services

We have policies, which are consistent with IESBA principles, POA and Turkish Commercial Code and other applicable local laws and regulations (BRSA, CMB), which address the scope of services that can be provided to audit clients.

We are required to establish and maintain a process to review and approve all new and modified services that are developed by the Akis or adopted from another member firm. The EIP is involved in the review of potential independence issues and the Global Independence Group is involved in the case of services developed for global adoption.

In addition to identifying potential conflicts of interest, KPMG International's proprietary system, Sentinel™, facilitates compliance with these policies. Certain information on all prospective engagements that includes service descriptions and fees must be entered into Sentinel™ as part of the engagement acceptance process. Using Sentinel™ lead audit engagement partners are required to maintain group structures for their publicly traded and certain other audit clients as well as their affiliates, and identify and evaluate any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats. Sentinel™ enables lead audit engagement partners for entities for which group structures are maintained, to review and approve, or deny, any proposed service for those entities worldwide. In accordance with applicable auditor independence rules, none of our audit partners are compensated on their success in selling non-audit services to their audit clients.

4.3.2.9 Fee dependency

KPMG International's policies recognize that self-interest or intimidation threats may arise when the total fees from an audit client represent a large proportion of the total fees of the operating firm expressing the audit opinion. In particular, KPMG International's policies require that in the event that the total fees from a public interest entity audit client and its related entities were to represent more than 10 percent of the total fees received by a particular member firm for two consecutive years;

- This would be disclosed to those charged with governance at the audit entity
- A senior partner from another operating firm would be appointed as the Engagement Quality Control (EQC) reviewer.

No audit client accounted for more than 10 percent of the total fees received by Akis over the last two years.

4.3.2.10 Conflicts of interest

Conflicts of interest can arise in situations where KPMG personnel have a personal connection with the client which may interfere, or be perceived to interfere, with their ability to remain objective, or where they are personally in possession of confidential information relating to another party to a transaction. Consultation with the QRMP or the Ethics and Independence Partner is required in these situations.

All KPMG member firms and personnel are responsible for identifying and managing conflicts of interest, which are circumstances or situations that have, or may be perceived by a fully informed, reasonable observer, to have an impact on a member firm or its personnel in their ability to be objective or otherwise act without bias. Sentinel™ is the tool all KPMG member firms use for potential conflict identification so that these can be addressed in accordance with legal and professional requirements.

It may be necessary to apply specific procedures to manage the potential for a conflict of interest to arise, or be perceived to arise, so that the confidentiality of all clients' affairs is maintained. Such procedures may, for example, include establishing formal dividers between engagement teams serving different clients and making arrangements to monitor the operation of such dividers.

Escalation and dispute resolution procedures are in place for situations in which agreement cannot be reached on how to manage a conflict. If a potential conflict issue cannot be appropriately mitigated, the engagement is declined or terminated.

4.3.2.11 Breaches of independence policy

All KPMG personnel are required to report an independence breach as soon as they become aware of it. In the event of failure to comply with our independence policies, whether identified in the compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy.

Akis has a documented disciplinary policy in relation to breaches of independence policies. The disciplinary policy is communicated to all professionals and applies to all breaches of independence rules, incorporating incremental sanctions reflecting the seriousness of any violations. Any breaches of auditor independence regulations are reported to those charged with governance at the audit client, on the basis agreed with them.

Matters arising are factored into promotion and compensation decisions and, in the case of engagement leaders and managers, are reflected in their individual quality and risk metrics.

4.3.2.12 Compliance with laws, regulations and anti-bribery and corruption

Compliance with laws, regulation and standards is a key aspect for all Akis personnel. In particular, Akis has zero tolerance of bribery and corruption. We prohibit involvement in any type of bribery — even if such conduct is legal or permitted under applicable law or local practice. We also do not tolerate bribery by third-parties, including by our clients, suppliers or public officials.

Accordingly, training covering compliance with laws (including those relating to anti-bribery and corruption), regulations and professional standards and the KPMG Code of Conduct is required to be completed by client-facing professionals at a minimum of once every two years, with new hires completing such training within 3 months of joining Akis. In addition, certain non-client-facing personnel who work in finance, procurement or sales and marketing departments and who are at

the manager level and above, are also required to participate in anti-bribery training.

Further information on KPMG International anti-bribery and corruption can be found on the anti-bribery and corruption site.

4.3.2.13 Partner and firm rotation

Partner and auditor rotation

KPMG International rotation policies are consistent with the IESBA Code of Ethics and require our firm to comply with any stricter applicable rotation requirements. POA requires our firm to comply with more strict applicable rotation requirements in Turkey.

Akis partners and other auditors are subject to periodic rotation of their responsibilities for audit clients under applicable laws, regulations, independence rules and KPMG International policy. These requirements place limit on the number of consecutive years that partners in certain roles may provide statutory audit services to a client, followed by a “time-out” period during which time these partners may not participate in the audit, provide quality control for the audit, consult with the engagement team or the client regarding technical or industry-specific issues or in any way influence the outcome of the audit.

We monitor the rotation of audit engagement team members (and any other key roles, such as the Key Audit Partner and EQC reviewer, where there is a rotation requirement) and develop transition plans that enable allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients. In terms of both local regulatory and KPMG requirements, the rotation monitoring is subject to compliance testing.

Firm rotation

Akis is required to act for a public interest entity for a maximum period of seven years within the last decade and not to act as auditor for such clients for three years thereafter — referred to as the ‘cooling off period’. Akis has processes in place to track and manage audit firm rotation.

4.4 Recruitment, development and assignment of appropriately qualified personnel

One of the key drivers of quality is ensuring that KPMG professionals have the skills and experience to deliver on our vision. This requires recruitment, promotion and retention of professionals and a robust capacity and resource management processes. KPMG's global behaviors, which are linked to our Values, are designed to help articulate what is required for success – both individually and collectively. One of KPMG's global behaviors is 'Delivering Quality'.

4.4.1 Recruitment

All candidates submit an application and are employed following a variety of selection processes, which may include application screening, competency-based interviews, psychometric and ability testing and qualification/ reference checks. Akis recruited over 200 new people in the year ended 30 September 2016 (2015: approximately 260).

Our recruiting strategies are focused on drawing entry-level talent from a broad talent base, including working with established universities, colleges and business schools, but also working with secondary schools, helping build relationships with a younger, diverse talent pool at an early age.

Upon joining our firm, new personnel are required to participate in a comprehensive on-boarding program, which includes training in areas such as ethics and independence. This also includes ensuring that any issues of independence or conflicts of interest are addressed before the individual can commence as a partner or employee with the firm.

Akis also recruits significant numbers at an experienced hire and partner level.

4.4.2 Personal development

It is important that all our professionals have the necessary business and leadership skills to be able to perform quality work in addition to technical skills (see section 4.5.1).

In relation to audit, opportunities are provided for professionals to develop the skills, behaviors and personal qualities that form the foundations of a

successful career in auditing. Courses are available to enhance personal effectiveness and develop technical, leadership and business skills. Akis professionals are developed further for high performance through coaching and mentoring on the job, stretch assignments and country rotational and global mobility opportunities.

4.4.3 Inclusion and Diversity programs

Akis works hard to foster an inclusive culture. Being inclusive enables us to bring together successful teams with the broadest range of skills, experiences and perspectives.

Leadership and management teams also need to reflect the diversity of our organization and the diversity of Akis clients. Our established Global Inclusion and Diversity strategy provides the framework to drive the actions we believe are necessary to promote inclusive leadership across the KPMG network.

4.4.4 Evaluation, compensation and promotion

Akis professionals, including partners, have annual goal-setting and performance reviews. Each professional is evaluated on their agreed-upon goals, demonstration of our global behaviors, technical capabilities and market knowledge. Partners and certain professionals are also evaluated on key quality and compliance metrics. These evaluations are conducted by performance managers and partners who are in a position to assess their performance and propose a performance rating.

Compensation and promotion

We have compensation and promotion policies that are clear, simple and linked to the performance evaluation process, which for partners includes the achievement of key audit quality and compliance metrics. This helps our partners and employees know what is expected of them and what they can expect to receive in return.

Akis monitors quality and compliance incidents and maintain quality metrics for the purposes of partner assignments and also for the purposes of partner evaluation, promotion and remuneration.

Akis's policy prohibits audit partners from being evaluated on or compensated based on their success in selling non-assurance services to audit clients.

4.4.5 Partner admissions

Our process for admission to partnership is rigorous and thorough, involving appropriate members of leadership. Our criteria for admission to the partnership are consistent with our commitment to professionalism and integrity, quality and being an employer of choice. These are strongly aligned to KPMG's behavioral capabilities and are based on consistent principles.

4.4.6 Assignment of professionals

Akis has procedures in place to assign both the engagement partners and other professionals to a specific engagement on the basis of their skill sets, relevant professional and industry experience and the nature of the assignment or engagement.

Function heads are responsible for the partner assignment process. Key considerations include partner experience and capacity -based on an annual partner portfolio review- to perform the engagement in view of the size, complexity and risk profile of the engagement and the type of support to be provided (i.e. the engagement team composition and specialist involvement).

Audit engagement partners are required to be satisfied that their engagement teams have appropriate competencies, accreditation and capabilities, including time, to perform audit engagements in accordance with KAM, professional standards and applicable legal and regulatory requirements. This may include involving specialists from our own firm or other KPMG member firms.

When considering the appropriate competence and capabilities expected of the engagement team as a whole, the engagement partner's considerations may include the following:

- an understanding of and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
- an understanding of professional standards and legal and regulatory requirements
- appropriate technical skills, including those related to relevant information technology and specialized areas of accounting or auditing
- knowledge of relevant industries in which the client operates
- ability to apply professional judgment
- an understanding of Akis's quality control policies and procedures
- QPR results and results of regulatory inspections.

4.4.7 Employee engagement

Biennially, Akis invites all our people to participate in an independent Global People Survey (GPS) which measures our people's attitudes and provides an overall Employee Engagement Index (EEI) and Performance Excellence Index (PEI) and to track key drivers behind these major areas.

The results of GPS provides the leadership of the company with information to better understand main indicators including the breakdowns of function, department, location and job level and the comparison of category progress with former results of the company. Based on the results, we run a short form Pulse survey in alternate years.

The results of GPS provide leadership with information about employee/partner perceptions about audit quality and tone at the top and employee engagement and motivation helping track progress against strategic priorities as well as providing warning indicators if there are areas of concern.

Akis participates in the GPS, monitor results and take appropriate actions to communicate and respond to the findings of the survey.

- This includes monitoring GPS results against agreed targets relevant to:
- audit quality and tone at the top, referred to in the GPS as 'leadership behavior'
- employee engagement through the Employee Engagement Index (EEI)
- employee performance through the Performance Excellence Index (PEI).

The results of the GPS are presented to the Global Board each year and appropriate follow-up actions agreed.

4.5 Commitment to technical excellence and quality service delivery

All Akis professionals are provided with the technical training and support they need. This includes access to networks of specialists and professional practice departments, which are made up of senior professionals with extensive experience in audit, reporting and risk management, either to provide resources to the engagement team or for consultation.

At the same time audit accreditation and licensing policies require professionals to have the appropriate knowledge and experience for their assigned engagements.

4.5.1 Professional training

In addition to personal development discussed in the section above, our policies require all professionals to maintain their technical competence and to comply with applicable regulatory and professional development requirements.

Formal training

Audit Learning and Development steering groups at global, regional and, where applicable, Akis identifies annual training priorities for development and delivery using a blend of classroom, e-learning and virtual classroom methods. Audit Learning and Development teams work with subject matter experts and leaders from Global Services Centre (GSC), International Standards Group (ISG) and Department of Professional Practice (DPP), as appropriate, to ensure the training is of the highest quality, is relevant to performance on the job and is delivered on a timely basis.

Mentoring and on the job training

Learning is not confined to the classroom. Rich learning experiences are available at the moment of need through coaching and just-in-time learning, available at the click of a mouse and aligned with job specific role profiles and learning paths. All classroom courses are reinforced with appropriate performance support to assist auditors on the job.

4.5.2 Accreditation and licensing

All KPMG professionals are required to comply with applicable professional license rules and satisfy the Continuing Professional Development (CPD) requirements in the jurisdiction where they practice. Policies and procedures are designed to ensure that those individuals that require a license to undertake their work are appropriately licensed.

We are responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge and experience in the local predominant financial reporting framework.

In addition, we have specific requirements for partners and managers working on IFRS engagements in countries where IFRS is not the predominant financial reporting framework. Similar policies apply for US Generally Accepted Accounting Principles (US GAAP), US Generally Accepted Auditing Standards and the Standards (US GAAS), of

the Public Company Accounting Oversight Board (PCAOB) for SEC and Internal Control Over Financial Reporting (ICOFR) engagements performed outside the US.

These require that the partner, manager and EQC reviewer have completed relevant training and that the engagement team, collectively, has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

We require that all Audit professionals maintain accreditation with their professional bodies and satisfy the Continuing Professional Development requirements of such bodies (at a minimum, professionals comply with IESBA requirements, POA, BRSA, CMB and other local regulatory requirements). Our policies and procedures are designed to ensure that those individuals that require a license to undertake their work are appropriately licensed.

4.5.3 Access to specialist networks

Akis engagement teams have access to a network of local KPMG specialists as well as specialist in other KPMG member firms. Engagement partners are responsible for ensuring that their engagement teams have the appropriate resources and skills.

The need for specialists (e.g. Information Technology, Tax, Treasury, Actuarial, Forensic, Valuation) to be assigned to a specific audit engagement is considered as part of the audit engagement acceptance and continuance process. Specialists who are members of an audit team are provided with training on audit concepts.

4.5.4 Consultation

We promote a culture in which consultation is recognized as a strength and that encourages personnel to consult on difficult or contentious matters. To assist audit engagement professionals in addressing difficult or contentious matters, protocols have been established for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate resolution of differences of opinion on engagement issues.

Appropriate consultation support is provided to audit engagement professionals through professional practice resources that include a DPP or equivalent. Technical accounting and auditing support is available to all member firms through the GSC and the ISG as well as the US Capital Markets Group for SEC foreign registrants.

Global Services Centre (GSC)

The GSC develops, maintains and deploys KPMG's global audit methodology and technology-based tools used by KPMG audit professionals to facilitate effective and efficient Audits. It also provides auditing support, with emphasis on global quality and consistency.

International Standards Group (ISG)

The ISG works with Global IFRS and ISAs topic teams with geographic representation from around the world to promote consistency of interpretation of IFRS between member firms, identify emerging issues and develop global guidance on a timely basis.

Further details about the GSC and ISG and its activities are available in the supplement to the KPMG International Transparency Report.

4.5.5 Developing business understanding and industry knowledge

A key part of quality is having a detailed understanding of the client's business and industry.

For significant industries, global audit sector leads are appointed to support the development of relevant industry information, which is made available to audit professionals within eAudIT. This knowledge comprises examples of industry audit procedures and other information (such as typical risks and accounting processes). In addition, industry overviews are available which provide general and business information in respect of particular industries, as well as a summary of the industry knowledge provided in eAudIT.

4.6 Performance of effective and efficient audits

How an audit is conducted is as important as the final result. Akis people are expected to demonstrate certain key behaviors and follow certain policies and procedures in the performance of effective and efficient audits.

4.6.1 KPMG Audit Process

Our audit workflow is enabled through eAudIT. KPMG International's activity based workflow and electronic audit file. eAudIT integrates our audit methodology, guidance and industry knowledge and the tools needed to manage

audits consistently. Our high quality audit process includes:

- timely partner and manager involvement
- timely access to the right knowledge – specialists, accredited individuals and relevant industry expertise
- critical assessment of audit evidence
- exercise of professional judgment and professional skepticism
- ongoing mentoring, supervision and review
- appropriately supported and documented conclusions
- robust challenge and review, including EOC review.

4.6.1.1 Timely partner and manager involvement

To help identify and respond to the significant audit risks applicable to each audit, the engagement team requires an understanding of the client's business, its financial position and the environment in which it operates.

The engagement partner is responsible for the overall quality of the audit engagement and therefore for the direction, supervision and performance of the engagement.

Involvement and leadership from the engagement partner during the planning process and early in the audit process helps set the appropriate scope and tone for the audit and helps the engagement team obtain maximum benefit from the partner's experience and skill. Timely involvement of the engagement partner at other stages of the engagement allows the engagement partner to identify and appropriately address matters significant to the engagement, including critical areas of judgment and significant risks.

The engagement partner is responsible for the final audit opinion and reviews key audit documentation – in particular, documentation relating to significant matters arising during the audit and conclusions reached. The engagement manager assists the partner in meeting these responsibilities and in the day-to-day liaison with the client and team, building a deep business understanding that helps the partner and team deliver valued insights.

4.6.1.2 Critical assessment of audit evidence with emphasis on professional skepticism

We consider all audit evidence obtained during the course of the audit, including consideration of contradictory or inconsistent audit evidence. The nature and extent of the audit evidence we gather is responsive to the assessed risks. We critically assess audit evidence obtained from all sources. For the purpose of obtaining sufficient appropriate audit evidence each team member is required to exercise professional judgment and maintain professional skepticism throughout the audit engagement.

Professional skepticism involves a questioning mind and alertness to contradictions or inconsistencies in audit evidence. Professional skepticism features prominently throughout auditing standards and receives significant focus from regulators. The KPMG Audit Quality Framework emphasizes the importance of maintaining an attitude of professional skepticism throughout the audit.

KPMG professional judgment process facilitates good judgment by introducing a structured approach to auditing areas that require significant

judgment. It also reinforces the importance of independence and objectivity and emphasizes the importance of having the right mind-set - the need to apply professional skepticism.

Our professional judgment process recognizes the need to be aware of and alert to biases which may pose threats to good judgment. The structured approach to auditing areas that require significant judgment involves:

- considering alternatives
- critically assessing audit evidence by challenging management's assumptions and following up contradictory or inconsistent information
- documenting the rationale for conclusions reached on a timely basis as a means of evaluating their completeness and appropriateness.

The use of the professional judgment process and the application of professional skepticism is reinforced through coaching and training, acknowledging that judgment is a skill developed over time and with different experiences.



4.6.1.3 Ongoing mentoring, supervision and review

We understand that skills build over time and through exposure to different experiences. To invest in the building of skills and capabilities of KPMG professionals, without compromising on quality, Akis promotes a continuous learning environment and supports a coaching culture .

Ongoing mentoring and supervision during an audit involves;

- engagement partner participation in planning discussions
- tracking the progress of the audit engagement
- considering the competence and capabilities of the individual members of the engagement team, including whether they have sufficient time to carry out their work, whether they understand their instructions and whether the work is being carried out in accordance with the planned approach to the engagement
- helping engagement team members address any significant matters that arise during the audit and modifying the planned approach appropriately
- identifying matters for consultation with more experienced team members during the engagement.

A key part of effective mentoring and supervision is timely review of the work performed so that significant matters are promptly identified, discussed and addressed.

4.6.1.4 Appropriately supported and documented conclusions

Akis uses the KAM and KPMG International's electronic audit tool, eAuditIT, to provide guidance, mechanisms for and documentation of, the supervision and control of the audit engagement. Audit documentation records the audit procedures performed, evidence obtained and conclusions reached on significant matters on each audit engagement. KPMG policies require review of documentation by more experienced engagement team members.

KAM recognizes that documentation prepared on a timely basis helps to enhance the quality of the audit and facilitates the effective review and evaluation of the audit evidence obtained and conclusions reached before our report is finalized. Teams are required to assemble a complete and final set of audit documentation for retention within an appropriate time period, which is ordinarily not more than 60 calendar days from the date of the auditors' report but may be more restrictive under certain applicable regulations.

The key principle that engagement team members are required to consider is whether an experienced auditor, having no previous connection with the engagement, will understand:

- the nature, timing and extent of audit procedures performed to comply with the ISAs and KAM
- applicable legal and regulatory requirements
- the results of the procedures performed and the audit evidence obtained
- significant findings and issues arising during the audit and actions taken to address them (including additional audit evidence obtained)
- the basis for the conclusions reached and significant professional judgments made in reaching those conclusions.

4.6.1.5 Appropriate involvement of the EQC Reviewer

EQC reviewers are independent of the engagement team and have appropriate experience and knowledge to perform an objective review of the more critical decisions and judgments made by the engagement team and the appropriateness of the financial statements.

An EQC reviewer is required to be appointed for the audits, including any related review(s) of interim financial information, of all listed entities, non-listed entities with a high public profile, engagements that require an EQC review under applicable laws or regulations and other engagements as designated by the QRMP or country head of audit.

The EQC review takes place before the date of the auditor's report and includes, among other matters:

- review of selected audit documentation relating to significant judgments the engagement team made and the conclusions it reached
- review of the financial statements and proposed auditor's report
- evaluation of the conclusions reached in formulating the auditors' report and consideration of whether the proposed report is appropriate.

Although the engagement partner is ultimately responsible for the resolution of financial reporting and auditing matters, the EQC reviewer must be satisfied that all significant questions raised have been resolved before an audit can be considered to be completed.

Akis is continually seeking to strengthen and improve the role that the EQC review plays in audits, as this is a fundamental part of the system of audit quality control. In recent years a number of actions have been taken to reinforce this, including;

- issuing leading practices guidance focusing on reviewer competencies and capabilities and on ongoing support provided to EQC reviewers

- incorporating specific procedures in eAudit to facilitate effective reviews
- implementing policies relating to recognition, nomination and development of EQC reviewers, as well as monitoring and assessing the nature, timing and extent of their involvement.

4.6.1.6 Reporting

Auditing standards issued by POA largely dictate the format and content of the auditor's report that includes an opinion on the fair presentation of the client's financial statements in all material respects. Experienced engagement partners form all audit opinions based on the audit performed.

In preparing audit reports, engagement partners have access to extensive reporting guidance and technical support to audit partners through consultations with DPPs, especially where there are significant matters to be reported to users of the audit report, (e.g. a modification to the opinion or through the inclusion of an emphasis of matter or other matter paragraph).

Effective for December 2016 year ends onward in compliance with the new IAASB requirements, we are enhancing auditor reporting for those auditors' reports prepared under the ISAs. The changes in auditors' reporting will give users more insight into the audit and improve transparency.

4.6.1.7 Insightful, open and honest two-way communication

Two-way communication with those charged with governance, often identified as the audit committee, is key to audit quality and a key aspect of reporting and service delivery.

At Akis we stress the importance of keeping those charged with governance informed of issues arising throughout the audit, the need to listen and understand their views. We achieve this through a combination of reports and presentations, attendance at audit committee or board meetings and, when appropriate, ongoing informal discussions with management and members of the audit committee.

Communications with audit committees include;

- an overview of the planned scope and timing of the audit, which includes communicating significant risks identified
- significant findings from the audit which may include control deficiencies and audit misstatements

- an annual written communication that states the engagement team and KPMG has complied with relevant independence requirements, describes all relationships and other matters between KPMG and the audit client that, in our professional judgment, may reasonably be thought to bear on independence and states related safeguards we have applied to eliminate (or reduce to an acceptable level) identified threats to independence.

We ensure such communications meet the requirements of professional standards.

Audit Committee Institute

In recognition of the demanding and important role that audit committees play for the capital markets and also of the challenges that they face in meeting their responsibilities, our Audit Committee Institute (ACI) aims to help audit committee members enhance their commitment and ability to implement effective audit committee processes. The ACI operates in 35 countries across the globe including Turkey and provides audit committee members with authoritative guidance on matters of interest to audit committees as well as the opportunity to network with their peers during an extensive program of technical updates and awareness seminars.

The ACI's offerings cover the array of challenges facing audit committees and businesses today — from risk management and emerging technologies to strategy and global compliance.

4.6.1.8 Focus on effectiveness of group audits

Our audit methodology, KAM, covers the conduct of group audits in detail. We stress the importance of effective two-way communication between the group engagement team and the component auditors, which is a key to audit quality. The group audit engagement partner is required to evaluate the competence of component auditors, whether or not they are KPMG member firms, as part of the engagement acceptance process.

Consistent methodology and tools are used across the KPMG network. Lead audit engagement partners are provided with information on component auditors within the KPMG network to help them evaluate their competence and capabilities. In addition, for PCAOB engagements, the results of relevant inspections related to the KPMG component member firms are made available to the lead audit engagement partner.

Lead audit engagement partners may review component auditor engagement documentation in person or obtain electronic access

4.6.2 Client confidentiality, information security and data privacy

The importance of maintaining client confidentiality is emphasized through a variety of mechanisms including the Code of Conduct, training and the annual affidavit/confirmation process, that all of our professionals are required to complete.

We have a formal document retention policy concerning the retention period for audit documentation and other records relevant to an engagement in accordance with the relevant IESBA and POA requirements as well as other applicable laws, standards and regulations.

We have clear policies on information security that cover a wide range of areas. Data Privacy policies are in place governing the handling of personal information and associated training is required for all Akis personnel.

4.7 Commitment to continuous improvement

We commit to continually improve the quality, consistency and efficiency of our audits. Integrated quality monitoring and compliance programs enable member firms to identify quality deficiencies, to perform root cause analysis and develop, implement and report remedial action plans both in respect of individual audit engagements and the member firm's system of quality control. KPMG Internationals's integrated quality and monitoring programs include the Quality Performance Review (QPR) program, the Risk Compliance Program (RCP) and the Global Compliance Review (GCR) program.

The quality monitoring and compliance programs are globally administered and consistent in their approach across member firms, including the nature and extent of testing and reporting. Akis compares the results of internal monitoring

programs with the results of those of any external inspection programs and take appropriate action.

4.7.1 Internal monitoring and compliance programs

Our monitoring programs evaluate both;

- engagement performance in compliance with the applicable standards, applicable laws and regulations and KPMG International policies and procedures
- Akis compliance with KPMG International policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

The results and lessons from the integrated monitoring programs are communicated internally and the overall results and lessons from the programs are considered and appropriate action is taken at local, regional and global levels. Our internal monitoring program also contributes to the assessment of whether our system of quality control has been appropriately designed, effectively implemented and operates effectively.

Two KPMG International developed and administered inspection programs are conducted annually across the Audit and Advisory functions: QPR and RCP.

Additionally all member firms are covered at least every 3 years by the cross functional GCR program. Participation in QPR, RCP and GCR is a condition of ongoing membership of the KPMG network.

Quality Performance Reviews (QPRs)

The QPR Program assesses engagement level performance and identifies opportunities to improve engagement quality.

Risk-based approach

Each engagement leader is reviewed at least once in a 3-year cycle. A risk-based approach is used to select engagements.

Akis conducts the annual QPR program in accordance with global QPR instructions. The reviews are performed at Akis level and are monitored regionally and globally. Member firm

QPR reviews are overseen by a senior experienced lead reviewer independent from the member firm.

Reviewer selection, preparation and process

There are robust criteria for selection of reviewers. Review teams include senior experienced lead reviewers that are independent of the member firm under review.

Training is provided to review teams and others overseeing the process, with a focus on topics of concern identified by oversight regulators and the need to be as rigorous as external reviewers.

Evaluations from QPR

Consistent criteria are used to determine engagement ratings and member firm practice evaluations.

Audit and advisory engagements selected for review are rated as “Satisfactory”, “Performance Improvement Needed” or “Unsatisfactory”.

Reporting

Findings from the QPR Program are disseminated to member firm professionals through written communications, internal training tools and periodic partner, manager and staff meetings.

These areas are also emphasized in subsequent inspection programs to gauge the extent of continuous improvement.

Lead engagement partners are notified of less than satisfactory engagement ratings on their respective cross-border engagements. Additionally, lead engagement partners of parent companies/head offices are notified where a subsidiary/affiliate of their client group is audited by a member firm where significant quality issues have been identified during the QPR.

Risk Compliance Program (RCP)

KPMG International develops and maintains quality control policies and processes that apply to all member firms. These policies and processes and their related procedures, include the requirements of ISQC-1. During the annual RCP, we perform a robust assessment program consisting of documentation of quality controls and procedures, related compliance testing and reporting of exceptions, action plans and conclusions.

The objectives of the RCP are to:

- monitor, document and assess the extent of compliance of Akis’s system of quality control with Global Quality & Risk Management policies and key legal and regulatory requirements relating to the delivery of professional services
- provide the basis for Akis to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

Where deficiencies are identified, we are required to develop appropriate action plans.

Global Compliance Review (GCR) program

Each member firm is subject to a GCR conducted by the global GCR team, independent of the member firm, at least once in a 3 year cycle.

The GCR provides independent oversight of our assessment of our system of quality control, including

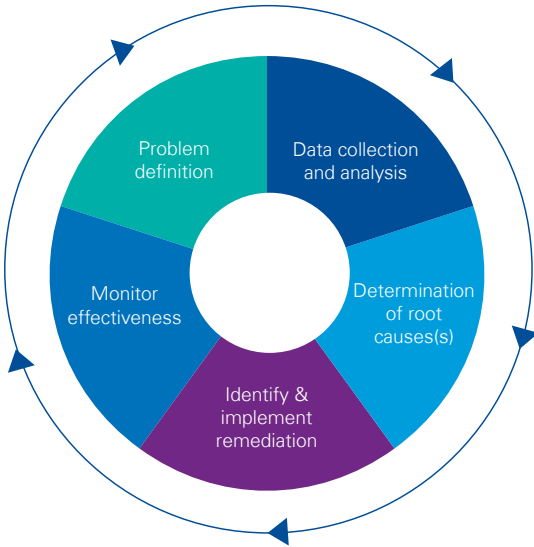
- our commitment to quality and risk management (tone at the top) and the extent to which the overall structure, governance and financing support and reinforce this commitment
- the completeness and robustness of our RCP.

The GCR team performing the reviews is independent of Akis, objective and knowledgeable of Global Quality and Risk Management policies. We develop action plans to respond to all GCR findings and agree these with the GCR team. Our progress on action plans is monitored by a global GCR central team. Results are reported to the Global Quality & Risk Management Steering Group (GQRMMSG) and where necessary to appropriate KPMG International and regional leadership, to ensure timely remedial actions.

Root Cause Analysis (RCA)

Akis performs root cause analysis to identify and address audit quality issues in order to prevent them from recurring and help identify good practices as part of continuous improvement. In 2016 RCA training based on our Global RCA 5-Step Principles was attended by those individuals at Akis who will be performing RCA or directing those performing RCA. The training provides a common platform for advancing the practices and skills associated with resourcing, planning and conducting RCA.

The Global RCA 5 Step Principles are as follows:



It is the responsibility of member firms to perform RCA and thereby identify and subsequently develop appropriate remediation plans for the quality issues identified.

Head of Audit and Head of Advisory are responsible for the development and implementation of action plans as a results of RCA including identification of solution owners. QRMP monitors their implementation.

4.7.2 Recommendations for improvements

At a global level, through the GAQIC and the GQRMMSG, KPMG International reviews the results of the quality monitoring programs, analyzes member firm root causes and action plans and develops additional global actions as required.

The GAQIC considers network-wide issues arising from internal quality control reviews and external inspections, monitors progress being made in addressing audit quality issues and makes recommendations to the GASG on audit quality issues.

Global remediation plans to date include holistic actions aimed at culture and behavior and at driving consistent engagement team performance. The global actions also include training, tools and

guidance to drive consistency, ensure we have the fundamentals right and that best practice is shared across the network.

4.7.3 External feedback and dialogue

4.7.3.1 Regulators

In August 2016, CMB has started an inspection for five Audit engagements. The inspection is still continuing.

BRSA IT division has visited IRM in external audit on 12-16 May 2014. In February 2016, BRSA IT division has issued the final report regarding the inspection performed in 2014. As a result, corrective actions are taken. Currently, we are checking implementation of these actions through inflight reviews.

In August 2015 Public Oversight Authority (POA) performed on-site inspection for audit file of a listed audit client. POA reported initial findings and we responded to the findings in 2016. The final report has not been issued yet.

Akis is also registered with the US PCAOB; FINANSTILSYNET (The Financial Supervisory Authority Of Norway) and UK FRC (Financial Reporting Council).

None of the external inspections have identified any issues that have a material impact on the conduct of our statutory audit business.

4.7.3.2 Client feedback

We proactively seek feedback from clients through in-person conversations and third party surveys to monitor their satisfaction with services delivered. We endeavor to take this feedback and make dynamic changes at both the engagement level and firm level to meet clients' needs.

4.7.3.3 Monitoring of complaints

We have procedures in place for monitoring and addressing complaints received relating to the quality of our work. These procedures are detailed on our external website and also a mail address is communicated in our general terms of business.

To further our commitment to integrity and ethical culture, Akis, through a third-party provider, maintains the Ethics and Compliance Hotline. The

firm encourages use of the hotline when Akis partners and employees feel uncomfortable reporting concerns about possible illegal, unethical, or improper conduct through normal channels or when the normal channels of communication are impractical or perceived as ineffective. Any person working with the firm in a business context, including clients, vendors and other KPMG member firms' professionals working on engagements with Akis's clients, may file reports by calling a toll-free number 00 800 1420 53716, or by submitting a report via the Web at www.clearviewconnects.com. Reports filed through the hotline that involve a publicly traded audit client or certain other professional practice matters are directed to the

firm's Ombudsman for further investigation and resolution. The EIP investigates matters that contain allegations of potential criminal conduct and all other matters; with the support of an investigation team. All reports are handled confidentially and anonymously, if requested and retaliation or retribution of any kind for good faith reporting is prohibited.

A KPMG International Hotline also is available for KPMG International personnel; partners, employees and clients of member firms; and other parties to confidentially report possible illegal, unethical, or improper conduct in violation of KPMG International's Code of Conduct.

5

Financial Information

Revenue earned from audit services between the period 01 October 2015 – 30 September 2016 compared to revenue earned from non-audit services are as follows:

Revenue from audit of financial statements	TL 65.8m
Revenue from other audit services	TL 22.5m
Revenue from non-audit services	TL 21.6m

6

Partner Remuneration

Partners' profit share

Partners are remunerated out of the distributable profits of Akis (such profits being determined by the Akis Board) and are personally responsible for funding pensions and most other benefits. The final allocation of profits to partners is made by Akis after assessing each partner's contribution for the year. The Akis Board's Remuneration Committee (comprising partners of the Board) approves this process and oversees its application.

Network arrangements

7.1 Legal Structure

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative which is a legal entity formed under Swiss law.

KPMG International carries on business activities for the overall benefit of the KPMG network of member firms but does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

One of the main purposes of KPMG International is to facilitate the provision by member firms of high quality Audit, Tax and Advisory services to their clients. For example, KPMG International establishes and facilitates the implementation and maintenance of uniform policies, standards of work and conduct by member firms and protects and enhances the use of the KPMG name and brand.

KPMG International is an entity that is legally separate from each member firm. KPMG International and the member firms are not a global partnership, joint venture, or in a principal or agent relationship or partnership with each other. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

7.2 Responsibilities and obligations of member firms

Under agreements with KPMG International, member firms are required to comply with KPMG International's policies and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes having a firm structure that ensures continuity and stability and being able to adopt global strategies, share resources

(incoming and outgoing), service multi-national clients, manage risk and deploy global methodologies and tools.

Each member firm takes responsibility for its management and the quality of its work. Member firms commit to a common set of KPMG values. KPMG International's activities are funded by amounts paid by member firms. The basis for calculating such amounts is approved by the Global Board and consistently applied to the member firms. A firm's status as a KPMG member firm and its participation in the KPMG network may be terminated if, among other things, it has not complied with the policies and regulations set by KPMG International or any of its other obligations owed to KPMG International.

7.3 Professional Indemnity Insurance

A substantial level of insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a worldwide basis and is principally written through a captive insurer that is available to all KPMG member firms.

7.4 Governance structure

The key governance and management bodies of KPMG International are the Global Council, the Global Board and the Global Management Team.

Global Council

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms.

It performs functions equivalent to a shareholders' meeting (albeit KPMG International has no share capital and, therefore, only has members, not shareholders).

Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 58 member firms that are “members” of KPMG International as a matter of Swiss law. Sublicensees are generally indirectly represented by a member.

Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Global Board include approving strategy, protecting and enhancing the KPMG brand, overseeing management of KPMG International and approving policies and regulations. It also admits member firms and ratifies the Global Chairman’s appointment of the Global Deputy Chairman.

The Global Board includes the Global Chairman, the Global Deputy Chairman, the Chairman of each of the 3 regions (the Americas; Asia Pacific (ASPAC); and Europe, the Middle East and Africa (EMA)) and a number of senior partners of member firms.

It is led by the Global Chairman, who is supported by the Executive Committee, consisting of the Global Chairman, the Global Deputy Chairman, the Chairman of each of the regions and currently four other senior partners of member firms. The list of Global Board members, as at 1 October 2016 is available in the International Annual Review.

One of the other Global Board members is elected as the lead director by those Global Board members who are not also members of the Executive Committee of the Global Board (“non-executive” members). A key role of the lead director is to act as liaison between the Global Chairman and the “non-executive” Global Board members.

Global Management Team

The Global Board has delegated certain responsibilities to the Global Management Team. These responsibilities include developing global strategy by working together with the Executive Committee. The Global Management Team also supports the member firms in their execution of the global strategy and is responsible for holding them accountable for commitments.

It is led by the Global Deputy Chairman and includes the Global Chairman, the Global Chief Operating Officer, global function and infrastructure heads and the General Counsel.

The list of Global Management Team members as at 1 October 2016 is available in the International Annual Review.

Global Steering Groups

The Global Steering Groups work closely with regional and member firm leadership to:

- establish and communicate appropriate audit and quality/risk management policies
- enable effective and efficient risk processes to promote audit quality
- proactively identify and mitigate critical risks to the network.

The Global Steering Groups act under the oversight of the Global Management Team. The roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in the KPMG International Transparency Report.

Each member firm is part of one of 3 regions (the Americas, ASPAC and EMA). Each region has a Regional Board comprising a regional chairman, regional chief operating or executive officer, representation from any sub-regions and other members as appropriate. Each Regional Board focuses specifically on the needs of member firms within their region and assists in the implementation of KPMG International’s policies and processes within the region.

Further details about KPMG International including the governance arrangements, can be found in 2016 International Annual Review Report.

7.5 Area Quality & Risk Management Leaders

The Global Head of Quality, Risk and Regulatory appoints Area Quality & Risk Management Leaders who:

- assess the effectiveness of a member firm’s quality and risk management efforts to identify and mitigate significant risks to the member firm and network and actively monitor alignment with global quality and risk management strategies and priorities
- share leading best practices in quality and risk management
- report to Global Head of Quality, Risk and Regulatory.

Statement by the Board of Akis on the effectiveness of quality controls and independence

The measures and procedures that serve as the basis for the system of quality control for Akis outlined in this report aim to provide a reasonable degree of assurance that the statutory audits carried out by our firm comply with the applicable laws and regulations. Because of its inherent limitations, the system of quality controls is not intended to provide absolute assurance that non-compliance with relevant laws and regulations would be prevented or detected.

The Board of Akis has considered:

- the design and operation of the quality control systems as described in this report;
- the findings from the various compliance programs operated by our firm (including the KPMG International Review Programs as described in section 4.7.1 and our local compliance monitoring programs); and
- findings from regulatory inspections and subsequent follow up and/or remedial actions.

Taking all of this evidence together, the Board of Akis confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively in the year to 30 September 2016.

Further, the Board of Akis confirms that an internal review of independence compliance within our firm has been conducted in the year to 30 September 2016.

Murat Alsan
Chairman
31 January 2017

Appendix 1. Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ Ownership Structure

At 30 September 2016	Share	Share
Name and Surname	TL	%
Ferruh Tunç	12,500	25.0
Murat Alsan	7,500	15.0
Hatice Nesrin Tuncer	5,000	10.0
Ruşen Fikret Selamet	5,000	10.0
Erdal Tıkmak	5,000	10.0
Gökhan Atılğan	5,000	10.0
Orhan Akova	2,500	5.0
İsmail Önder Ünal	2,500	5.0
Hakkı Özgür Sivacı	2,500	5.0
Funda Aslanoğlu	500	1.0
Şirin Soysal İmamoğlu	500	1.0
Serkan Ercin	500	1.0
Hakan Ölekli	500	1.0
Alper Güvenç	500	1.0
Total	50,000	100.0

At 31 January 2017	Share	Share
Name and Surname	TL	%
Murat Alsan	7,000	14.0
Ruşen Fikret Selamet	4,500	9.0
Erdal Tıkmak	4,500	9.0
Hatice Nesrin Tuncer	4,500	9.0
Gökhan Atılğan	4,500	9.0
Orhan Akova	2,750	5.5
İsmail Önder Ünal	2,750	5.5
Hakkı Özgür Sivacı	2,750	5.5
Funda Aslanoğlu	2,750	5.5
Serkan Ercin	2,750	5.5
Şirin Soysal İmamoğlu	2,750	5.5
Hakan Ölekli	2,750	5.5
Alper Güvenç	2,750	5.5
Çiğdem Atılğan	500	1.0
Işıl Keser	500	1.0
Ayşe Özlem Karahan	500	1.0
Esmâ Kabak	500	1.0
Hanım İpek Arkaya	500	1.0
Mustafa Şafak Erdur	500	1.0
Total	50,000	100.0

Appendix 2. Public-Interest Entities

The list of public interest entity audit clients for which Akis has signed an audit opinion on financial statements of the year 2016 is given below. The definition of public interest for this purpose is that given under the provisions of the "Public Oversight, Accounting and Auditing Standards Authority's Organization and Responsibilities Decree Law numbered 660", issued by POA.

List of PIEs audited by the member firm;

Listed Companies and Bond Issuers	
1	Aksa Enerji Üretim A.Ş.
2	ASELSAN Elektronik Sanayi ve Ticaret A.Ş.
3	Baştaş Başkent Çimento Sanayi ve Ticaret A.Ş.
4	Çalık Enerji Sanayi ve Ticaret A.Ş.
5	Çimbeton Hazırbeton ve Prefabrik Yapı Elemanları Sanayi ve Ticaret A.Ş.
6	Çimentaş İzmir Çimento Fabrikası T.A.Ş.
7	Componenta Dokumculuk Ticaret ve Sanayi A.Ş.
8	Doğuş Otomotiv Servis ve Ticaret A.Ş.
9	Doğuş SK Girişim Sermayesi Yatırım Ortaklığı A.Ş.
10	Dünya Göz Hastanesi Sanayi ve Ticaret A.Ş.
11	Galatasaray Sportif Sınai Ticari Yatırımlar A.Ş.
12	GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş.
13	GSD Holding A.Ş.
14	Halk Gayrimenkul Yatırım Ortaklığı A.Ş.
15	İş Yatırım Ortaklığı A.Ş.
16	İş Gayrimenkul Yatırım Ortaklığı A.Ş.
17	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.
18	İzmir Demir Çelik Sanayi A.Ş.
19	Kaplamin Ambalaj Sanayi ve Ticaret A.Ş.
20	Konya Çimento Sanayi A.Ş.
21	Koton Mağazacılık Tekstil Sanayi ve Ticaret A.Ş.
22	Plastikkart Akıllı Kart İletişim Sistemleri Sanayi ve Ticaret A.Ş.
23	Tat Gıda Sanayi A.Ş.
24	Timur Gayrimenkul Geliştirme Yapı ve Yatırım A.Ş.
25	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.
26	Türkerler İnşaat Turizm Madencilik Enerji Üretim Tic. ve San. A.Ş.
27	Türk Hava Yolları A.O.
28	Türk Telekom A.Ş.

Banks	
1	Albaraka Türk Katılım Bankası A.Ş.
2	Alternatifbank A.Ş.
3	Anadolubank A.Ş.
4	Arap Türk Bankası A.Ş.
5	Bankpozitif Kredi ve Kalkınma Bankası A.Ş.
6	Birleşik Fon Bankası A.Ş.
7	Deutsche Bank A.Ş.
8	GSD Yatırım Bankası A.Ş.
9	Halkbank A.Ş.
10	ICBC Turkey Bank A.Ş.
11	ING BANK A.Ş.
12	Intesa Sanpaolo S.p.A. İtalya İstanbul Merkez Şubesi
13	Merrill Lynch Yatırım Bank A.Ş.
14	Standard Chartered Yatırım Bankası Türk A.Ş.
15	Şekerbank T.A.Ş.
16	Turkish Bank A.Ş.
17	Türkiye İhracat Kredi Bankası A.Ş.
18	Türkiye İş Bankası A.Ş.
19	Türkiye Sınai Kalkınma Bankası A.Ş.

Factoring Companies	
1	Anadolu Faktoring A.Ş.
2	C-Faktoring A.Ş.
3	Destek Faktoring A.Ş.
4	Eko Faktoring A.Ş.
5	GSD Faktoring A.Ş.
6	Halk Faktoring A.Ş.
7	Huzur Faktoring A.Ş.
8	ING Faktoring A.Ş.
9	MNG Faktoring A.Ş.
10	İş Faktoring A.Ş.
11	Şeker Faktoring A.Ş.
12	Yaşar Faktoring A.Ş.
13	Yeditepe Faktoring A.Ş.

Leasing Companies

1	Alternatif Finansal Kiralama A.Ş.
2	Anadolu Finansal Kiralama A.Ş.
3	Arap Türk Finansal Kiralama A.Ş.
4	Halk Finansal Kiralama A.Ş.
5	ING Finansal Kiralama A.Ş.
6	İş Finansal Kiralama A.Ş.
7	Siemens Finansal Kiralama A.Ş.
8	Şeker Finansal Kiralama A.Ş.

Intermediary Institutions

1	Alternatif Menkul Değerler A.Ş.
2	Anadolu Yatırım Menkul Kıymetler A.Ş.
3	Destek Yatırım Menkul Değerler A.Ş.
4	Deutsche Securities Menkul Değerler A.Ş.
5	Halk Yatırım Menkul Değerler A.Ş.
6	ICBC Turkey Yatırım Menkul Değerler A.Ş.
7	ING Menkul Değerler A.Ş.
8	İş Yatırım Menkul Değerler A.Ş.
9	Merrill Lynch Menkul Değerler A.Ş.
10	Morgan Stanley Menkul Değerler A.Ş.
11	Şeker Yatırım Menkul Değerler A.Ş.
12	Turkish Yatırım Menkul Değerler A.Ş.
13	Yatırım Finansman Menkul Değerler A.Ş.

Portfolio Management Companies

1	Albaraka Gayrimenkul Portföy Yönetimi A.Ş.
2	Alkhair Portföy Yönetimi A.Ş.
3	Halk Portföy Yönetimi A.Ş.
4	ICBC Turkey Portföy Yönetimi A.Ş.
5	ING Portföy Yönetimi A.Ş.
6	İş Portföy Yönetimi A.Ş.
7	Kare Portföy Yönetimi A.Ş.
8	Şeker Portföy Yönetimi A.Ş.

Investment Trusts

1	Şeker Mortgage Finansman A.Ş.
2	Tırsan Finansman A.Ş.

Real Estate Appraisal Companies

1	TSKB Gayrimenkul Değerleme A.Ş.
---	---------------------------------

Insurance, Reinsurance, Life and Pension Companies

1	Allianz Hayat ve Emeklilik A.Ş.
2	Allianz Sigorta A.Ş.
3	Allianz Yaşam ve Emeklilik A.Ş.
4	Anadolu Anonim Türk Sigorta Şirketi A.Ş.
5	Anadolu Hayat Emeklilik A.Ş.
6	Euler Hermes Sigorta A.Ş.
7	Fiba Emeklilik ve Hayat Sigorta A.Ş.
8	Halk Hayat ve Emeklilik A.Ş.
9	Halk Sigorta A.Ş.
10	Magdeburger Sigorta A.Ş.
11	Mapfre Genel Sigorta A.Ş.
12	Mapfre Genel Yaşam Sigorta A.Ş.
13	Milli Reasurans T.A.Ş.
14	NN Hayat ve Emeklilik A.Ş.
15	Ray Sigorta A.Ş.
16	SBN Sigorta A.Ş.
17	VHV Reasürans A.Ş.

Asset Management Companies

1	Bebek Varlık Yönetimi A.Ş.
2	Efes Varlık Yönetimi A.Ş.
3	İstanbul Varlık Yönetimi A.Ş.
4	TURKASSET Varlık Yönetimi A.Ş.
5	Vera Varlık Yönetim A.Ş.

Asset Leasing Companies

1	Aktif Bank Sukuk Varlık Kiralama A.Ş.
2	Bereket Varlık Kiralama A.Ş.

Mutual Funds and Pension Funds	
Aktif Yatırım Bankası Varlık Finansman Fonları	
1	Aktif Yatırım Bankası Anonim Şirketi (1) No lu Varlık Finansman Fonu
2	Aktif Yatırım Bankası Anonim Şirketi (6) No lu Emek Varlık Finansman Fonu
3	Aktif Yatırım Bankası Anonim Şirketi (7) nolu Emek Yatırım Fonu VFF 7
Alkhair Portföy Yönetimi A.Ş. Fonları	
4	Alkhair Portföy Kira Sertifikası (Sukuk) Katılım Fonu
5	Alkhair Portföy Birinci Katılım Fonu
6	Alkhair Portföy Katılım Hisse Senedi Fonu
Anadolu Hayat Emeklilik AŞ Emeklilik Yatırım Fonları	
7	AHE A.Ş. Alternatif Katkı Emeklilik Yatırım Fonu
8	AHE A.Ş. Altın Emeklilik Yatırım Fonu
9	AHE A.Ş. Büyüme Amaçlı Esnek Emeklilik Yatırım Fonu
10	AHE A.Ş. Büyüme Amaçlı Hisse Senedi Beyaz Emeklilik Yatırım Fonu
11	AHE A.Ş. Büyüme Amaçlı Hisse Senedi Emeklilik Yatırım Fonu
12	AHE A.Ş. Büyüme Amaçlı İkinci Esnek Emeklilik Yatırım Fonu
13	AHE A.Ş. Büyüme Amaçlı Yükselen Ülkeler Esnek Emeklilik Yatırım Fonu
14	AHE A.Ş. Dinamik Esnek Emeklilik Yatırım Fonu
15	AHE A.Ş. Esnek Emeklilik Yatırım Fonu
16	AHE A.Ş. Gelir Amaçlı Alternatif Esnek Emeklilik Yatırım Fonu
17	AHE A.Ş. Gelir Amaçlı Birinci Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu
18	AHE A.Ş. Gelir Amaçlı Esnek Emeklilik Yatırım Fonu
19	AHE A.Ş. Gelir Amaçlı İkinci Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu
20	AHE A.Ş. Gelir Amaçlı Kamu Borçlanma Araçları Beyaz Emeklilik Yatırım Fonu
21	AHE A.Ş. Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu
22	AHE A.Ş. Gelir Amaçlı Kamu Borçlanma Araçları Standart Emeklilik Yatırım Fonu
23	AHE A.Ş. Gelir Amaçlı Özel Sektör Borçlanma Araçları Emeklilik Yatırım Fonu
24	AHE A.Ş. Gruplara Yönelik Büyüme Amaçlı Hisse Senedi Emeklilik Yatırım Fonu
25	AHE A.Ş. Gruplara Yönelik Gelir Amaçlı Esnek Emeklilik Yatırım Fonu
26	AHE A.Ş. Gruplara Yönelik Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu
27	AHE A.Ş. Gruplara Yönelik Gelir Amaçlı Karma Borçlanma Araçları Emeklilik Yatırım Fonu
28	AHE A.Ş. İş Bankası İştirak Endeksi Emeklilik Yatırım Fonu
29	AHE A.Ş. Katkı Emeklilik Yatırım Fonu
30	AHE A.Ş. Para Piyasası Likit Esnek Emeklilik Yatırım Fonu
Ashmore Portföy Yatırım Fonları	
31	Ashmore Portföy Borçlanma Araçları Fonu
32	Ashmore Portföy Değişken Fon
33	Ashmore Hisse Senedi Fonu
34	Ashmore portföy Yabancı (Gelişmekte Olan Piyasalar) Borçlanma Araçları Fonu
BNP Paribas Cardif Emeklilik A.Ş. Emeklilik Yatırım Fonları	
35	BNP PARIBAS CARDIF EMEKLİLİK AŞ GELİR AMAÇLI KAMU BORÇLANMA ARAÇLARI EMEKLİLİK YATIRIM FONU
36	BNP PARIBAS CARDIF EMEKLİLİK AŞ PARA PIYASASI BİRİNCİ LİKİT ESNEK EMEKLİLİK YATIRIM FONU
37	BNP PARIBAS CARDIF EMEKLİLİK AŞ GELİR AMAÇLI KAMU DIŞ BORÇLANMA ARAÇLARI EMEKLİLİK YATIRIM FONU
38	BNP PARIBAS CARDIF EMEKLİLİK AŞ BÜYÜME AMAÇLI HİSSE SENEDİ EMEKLİLİK YATIRIM FONU
39	BNP PARIBAS CARDIF EMEKLİLİK AŞ ESNEK EMEKLİLİK YATIRIM FONU
40	BNP PARIBAS CARDIF EMEKLİLİK AŞ GELİR AMAÇLI BİRİNCİ BORÇLANMA ARAÇLARI EMEKLİLİK YATIRIM FONU
41	BNP PARIBAS CARDIF EMEKLİLİK AŞ PARA PIYASASI İKİNCİ LİKİT ESNEK EMEKLİLİK YATIRIM FONU
42	BNP PARIBAS CARDIF EMEKLİLİK AŞ GRUPLARA YÖNELİK KAMU BORÇLANMA ARAÇLARI EMEKLİLİK YATIRIM FONU
43	BNP PARIBAS CARDIF EMEKLİLİK AŞ KATKI EMEKLİLİK YATIRIM FONU
44	BNP PARIBAS CARDIF EMEKLİLİK AŞ STANDART EMEKLİLİK YATIRIM FONU
45	BNP PARIBAS CARDIF EMEKLİLİK AŞ ALTIN EMEKLİLİK YATIRIM FONU
46	BNP PARIBAS CARDIF EMEKLİLİK AŞ BÜYÜME AMAÇLI ESNEK EMEKLİLİK YATIRIM FONU
47	BNP PARIBAS CARDIF EMEKLİLİK AŞ GRUPLARA YÖNELİK BÜYÜME AMAÇLI EMEKLİLİK YATIRIM FONU
Fiba Emeklilik Fonları	
48	Fiba Emeklilik ve Hayat A.Ş. Büyüme Amaçlı Esnek Emeklilik Yatırım Fonu
49	Fiba Emeklilik ve Hayat A.Ş. Esnek Emeklilik Yatırım Fonu
50	Fiba Emeklilik ve Hayat A.Ş. Gelir Amaçlı Kamu Borçlanma Araçları Emeklilik Yatırım Fonu
51	Fiba Emeklilik ve Hayat A.Ş. Gruplara Yönelik Esnek Emeklilik Yatırım Fonu
52	Fiba Emeklilik ve Hayat A.Ş. Katkı Emeklilik Yatırım Fonu
53	Fiba Emeklilik ve Hayat A.Ş. Likit Esnek Emeklilik Yatırım Fonu
54	Fiba Emeklilik ve Hayat A.Ş. Standart Emeklilik Yatırım Fonu
Fokus Portföy Yönetimi A.Ş. Yatırım Fonları	
55	Fokus Portföy Birinci Değişken Fon
56	Fokus Portföy Hisse Fonu
57	Fokus Portföy İkinci Değişken Fon
58	Fokus Portföy Mutlak Getiri Hedefli Serbest Fon
Halk Portföy Yönetimi AŞ Fonları	
59	Halk Portföy Hisse Senedi Fonu
60	Halk Portföy Birinci Değişken Fon
61	Halk Portföy Kısa Vadeli Borçlanma Araçları Fonu
62	Halk Portföy BIST 30 Endeksi Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)
63	Halk Portföy Karma Fon
64	Halk Portföy Para Piyasası Fonu
65	Halk Portföy Orta Vadeli Borçlanma Araçları Fonu

66	Halk Portföy Katılım Fonu
67	Halk Portföy Fon Sepeti Fonu
68	Halk Portföy İkinci Değişken Fon
69	Halk Portföy Özel Sektör Borçlanma Araçları Fonu
ICBC Turkey Fonları	
70	ICBC Turkey Portföy Altın Fonu
71	ICBC Turkey Portföy Birinci Değişken Fon
72	ICBC Turkey Portföy Hisse Senedi Fonu
73	ICBC Turkey Portföy İkinci Değişken Fon
74	ICBC Turkey Para Piyasası Fonu
ING Portföy Yönetimi AS Fonları	
75	ING Portföy İkinci Değişken Fon
76	ING portföy Altın Fonu
77	ING Portföy Birinci Değişken Fon
78	Ing portföy Birinci Hisse Senedi Fonu
79	ING Portföy Para Piyasası Fonu
80	ING Portföy Birinci Borçlanma Araçları Fonu
81	ING Portföy Kısa Vadeli Borçlanma Araçları Fonu
İş Portföy Yönetimi AŞ Fonları	
82	İş Portföy AS Serbest Özel Fonu
83	İş Portföy BIST 30 Hisse Senedi Yoğun Borsa Yatırım Fonu
84	İş Portföy Değer Serbest Özel Fon
85	İş Portföy Altın Fonu
86	İş Portföy BIST 30 Endeksi Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)
87	İş Portföy BIST Teknoloji Endeksi Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)
88	İş Portföy Bayraktarlar Holding Değişken Özel Fon
89	İş Portföy Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)
90	İş Portföy Katılım Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)
91	İş Portföy Kapital Serbest Fon
92	İş Portföy Emtia Yabancı BYF Fon Sepeti Fonu
93	İş Portföy Kira Sertifikaları Katılım Fonu
94	İş Portföy İş Bankası İştirakleri Endeksi Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)
95	İş Portföy İkinci Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)
96	İş Portföy ICARUS Serbest Özel Fonu
97	İş Portföy Hedef Serbest Fon
98	İş Portföy Maximum Kart Kısa Vadeli Borçlanma Araçları Fonu
99	İş Portföy Para Piyasası Fonu
100	İş Portföy KOS Serbest Özel Fonu
101	İş Portföy Orta Vadeli Borçlanma Araçları Fonu
102	İş Portföy Privia Bankacılık Değişken Özel Fon
103	İş Portföy Onur Serbest Özel Fon
104	İş Portföy Özel Sektör Borçlanma Araçları Fonu
105	İş Portföy Maximum Hesap Kısa Vadeli Borçlanma Araçları Fonu
106	İş Portföy Pişan Serbest Özel Fonu
107	İş Portföy Kumbara Hesabı Karma Özel Fon
108	İş Portföy Sütas Birinci Değişken Özel Fon
109	İş Portföy TEMA Gönüllüleri Değişken Özel Fon
110	İş Portföy PY Kar Payı Ödeyen Değişken Özel Fon
111	İş Portföy Privia Bankacılık Hisse Senedi Özel Fonu (Hisse Senedi Yoğun Fon)
112	İş Portföy PY Özel Sektör Borçlanma Araçları Özel Fonu
113	İş Portföy PY Hisse Senedi Özel Fonu (Hisse Senedi Yoğun Fon)
114	İş Portföy PY Eurobond Borçlanma Araçları Döviz Özel Fonu
115	İş Portföy Resan Değişken Özel Fon
116	İş Portföy Değişken Fon
117	İş Portföy AG Serbest Özel Fon
118	İş Portföy Karma Fon
119	İş Portföy Kısa Vadeli Borçlanma Araçları Fonu
120	İş Portföy Yabancı Borçlanma Araçları Fonu
121	İş Portföy Sütas İkinci Değişken Özel Fon
122	İş Portföy Yabancı Hisse Senedi Fonu
123	İş Portföy Uzun Vadeli Borçlanma Araçları Fonu
124	İş Portföy BIST Mali Endeks Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)
125	İş Portföy Eurobond Borçlanma Araçları (Döviz) Fonu
126	İş Portföy Virtus Serbest Döviz Özel Fon
127	İş Portföy CK Serbest Özel Fonu
128	İş Portföy Anadolu Sigorta Serbest Özel Fon
Kare Portföy Yönetimi A.Ş. Yatırım Fonları	
129	Kare Portföy Birinci Borçlanma Araçları Fonu
130	Kare Portföy Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)
131	Kare Portföy İkinci Borçlanma Araçları (Döviz) Fonu
132	Kare Portföy Serbest Fon
Magna Capital Portföy Yönetimi A.Ş. Fonları	
133	Magna Capital Portföy Serbest Fonu
Şeker Portföy Yönetimi A.Ş. Yatırım Fonları	
134	Şeker Portföy Altın Fonu
135	Şeker Portföy Borçlanma Araçları Fonu
136	Şeker Portföy Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)
137	Şeker Portföy Karma Fon
138	Şeker Portföy Kısa Vadeli Borçlanma Araçları Fonu
139	Şeker Portföy Para Piyasası Fonu

Appendix 3. KPMG Values

KPMG people work together to deliver value to clients. We believe strongly in a common set of shared values which guide our behavior when dealing with both clients and each other:

We lead by example: At all levels we act in a way that exemplifies what we expect of each other and our clients.

We work together: We bring out the best in each other and create strong and successful working relationships.

We respect the individual: We respect people for who they are and for their knowledge, skills and experience as individuals and team members.

We seek the facts and provide insight: By challenging assumptions and pursuing facts, we strengthen our reputation as trusted and objective business advisers.

We are open and honest in our communication: We share information, insight and advice frequently and constructively and manage tough situations with courage and candor.

We are committed to our communities: We act as responsible corporate citizens by broadening our skills, experience and perspectives through work in our communities and protecting the environment.

Above all, we act with INTEGRITY: We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence.

Appendix 4. Details of those charged with governance at Akis



Murat Alsan
Senior Partner
Chairman

Murat Alsan joined KPMG in 1995. He has been a partner within KPMG for 12 years and has served on our board for 7 years. He was elected as Senior Partner in January 2017.



Nesrin Tuncer
Partner
Head of Audit
Vice Chairman

Nesrin Tuncer joined KPMG in 1994. She has been a partner within KPMG for 12 years and has served on our board for 5 years. She was appointed Head of Audit in January 2017.



Orhan Akova
Partner
Quality and Risk Management/Audit
Board Member

Orhan Akova joined KPMG in 1998. He has been a partner within KPMG for 7 years. He was appointed Quality and Risk Management Partner in January 2017.

For detailed information:

KPMG Turkey
Quality and Risk Management
tr-fmqrmsupportcenter@kpmg.com

Istanbul

Rüzgarlıbahçe Mh. Kavak Sk. No:29
Kavacık 34805 Beykoz / İstanbul / Turkey
T: +90 216 681 9000

Ankara

The Paragon İş Merkezi Kızılırmak Mah. Ufuk
Üniversitesi Cad. 1445 Sok. No:2 Kat:13
Çukurambar 06550 Ankara / Turkey
T: +90 312 491 7231

Izmir

Heris Tower, Akdeniz Mah. Şehit Fethi Bey Cad.
No:55 Kat:21 Alsancak 35210 İzmir / Turkey
T: +90 232 464 2045

kpmg.com.tr
kpmgvergi.com



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2017 Akis Bağımsız Denetim ve SMMM AS., a Turkish corporation and a member firm of the KPMG International Cooperative. All rights reserved. Printed in Turkey.

The KPMG brand and KPMG logo are registered trademarks of the KPMG International Cooperative.