



**KPMG Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**

Transparency Report

30 September 2019

KPMG Turkey

kpmg.com.tr



Contents

1	Message from the local Senior Partner	4
2	Who we are	6
	Our business	6
	Our strategy	6
3	Our structure and governance	8
	Legal structure	8
	Name, ownership and legal relationships	8
	Responsibilities and obligations of member firms	8
	Governance structure	8
4	System of quality control	10
	Tone at the top	11
	Association with the right clients	13
	Clear standards and robust audit tools	14
	Recruitment, development and assignment of appropriately qualified personnel	20
	Commitment to technical excellence and quality service delivery	22
	Performance of effective and efficient audits	24
	Commitment to continuous improvement	26
	External feedback and dialogue	29

5	Financial information	30
6	Partner remuneration	32
7	Network arrangements	33
	Legal Structure	33
	Responsibilities and obligations of member firms	33
	Professional Indemnity Insurance	33
	Governance structure	33
	Area Quality & Risk Management Leaders	34
8	Statement by the Board of KPMG Turkey on the effectiveness of quality controls and independence	36
9	Appendices	38
	Appendix 1. Ownership Structure	38
	Appendix 2. Public-Interest Entities (PIE)	40
	Appendix 3. KPMG's Values	47
	Appendix 4. Details of those charged with governance at KPMG Turkey	48

1

Message from the local Senior Partner

The World Economy has experienced an intense year with the ongoing US-China trade wars and the aggressive foreign policy of US. In first three quarters of our fiscal year, Turkish economy experienced shrinking, but entered a recovery process in the 4th quarter with a positive growth due to the effect of equilibration steps and interventions for financial attacks. Nevertheless KPMG Turkey had a good year in terms of both growth and profitability through right market positioning despite challenging market conditions.

As of the fiscal year-end 2019, KPMG Turkey became the most growing KPMG country among the European, Middle Eastern and African countries in KPMG network with 32% growth, and has solidified its position in the top three of the most growing countries list.

Our Tax Accounting business has accelerated its growth with the biggest merge in Turkish Big4 history incorporating Erdikler Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. which was one of the most reputable local tax accounting firms in Turkey. Through Erdikler merger at the end of the 1st quarter, Tax function closed 2019 with a significant growth rate of 41%. While our Tax function became the pioneer of this growth, Audit showed an outstanding performance by 24% growth. Our newly launched services called "Strategic Growth Initiatives" such as; Restructuring, Actuary & Insurance Advisory, Robotic Process Automation & Process Improvement, IFRS16, Technology Enablement & Digitalization and Fintech have also contributed significantly to growth of 32% in Advisory. Towards the end of 2019, KPMG Turkey has taken a major step forward to expand our Advisory services with 5 new partners joining our Advisory Department as of September 2. I believe this move will make differentiate KPMG in the market with our new service lines of Digital Advisory, Mergers & Acquisition and Capital Debt Advisory; as well as strengthened services such as Transaction Services and Forensic. Focusing on expanding our digital capability, we also made an agreement with SAS Turkey that advanced with analytical and artificial intelligence experience, and move Advisory Department's power to the next level in order to offer more integrated and technological services to our clients.

This year, we have adopted Global Strategy and created our 3-year master plan and 1-year detailed business plan, focusing on 6 priorities. As we set challenging targets on this plan for KPMG in Turkey, we believe we can only achieve those targets with the contribution of all our employees who are truly engaged to their job and company. We started GPTW (Great Place to Work) project, which will last for 1.5 years with the motto of "Bolder Together". The expected outcome of this project for us is to realize the "cultural transformation" and make our company "a great place to work".

We have sustained the good relationships with our clients by positioning their demands and requests as a first priority. We have executed a more structured account management strategy in FY19, which is more aligned with the sector management. A Turkish firm, Koç Holding, has become the EMA growth account in KPMG International for the first time in 2019.

In 2019 while focusing on our business, we did not forget to care about the society, play sports and have fun. A total of 458 volunteers participated in our Social Responsibility Projects we conduct every month. With our increasing number of Sports and Social clubs each year, we have been together outside of work and contributed ourselves in many aspects.

Murat Alsan
Chairman and Senior Partner
KPMG Bağımsız Denetim ve SMMM A.Ş.



2

Who we are

2.1 Our business

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (here in after “KPMG Turkey”) is a professional services firm that delivers Audit, Advisory and Accounting services. We operate out of 3 offices across Turkey and had an average of 937 personnel for the year ended 30 September 2019 (2018: 845).

Our audit services in Turkey are delivered through KPMG Turkey. Full details of the services offered by KPMG Turkey 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 of Directors 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.



3

Our structure and governance

3.1 Legal structure and ownership

KPMG Turkey 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 “Governance and leadership” section of the KPMG International Transparency Report.

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

KPMG Turkey is a joint stock company incorporated under the Turkish Commercial Code. As at 30 September 2019, KPMG Turkey is wholly owned by 24 shareholders who are set out in Appendix 1.

3.2 Name, ownership and legal relationships

“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

Pursuant to their membership 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 KPMG Turkey which is the main member firm of KPMG International, KPMG Yeminli Mali Müşavirlik A.Ş.⁽¹⁾ and KPMG Yönetim Danışmanlığı A.Ş. operate as sublicensee firms of KPMG.

3.4 Governance structure

KPMG Turkey applies high standards of corporate governance.

The Board of Directors (Board)

The Senior Partner chairs the Board of Directors (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 KPMG Turkey 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 2019, the Board of Directors are set out in the table below.

Board of Directors

Chairman of the Board of Directors	Murat Alsan
Vice Chairman of the Board of Directors	Hatice Nesrin Tuncer
Member of the Board of Directors	Orhan Akova

1) KPMG Yeminli Mali Müşavirlik A.Ş. and Erdikler Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. merged under the title KPMG Yeminli Mali Müşavirlik A.Ş. as at 31 December 2018.

The constitution of the Board is as determined by the Board of Directors. Members of the Board are selected by partners maximum for three years. The Board meets from time to time to undertake certain statutory duties for KPMG Turkey (including approving the annual accounts and the transparency report). The Board met 18 times in the year to 30 September 2019.

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

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

- The Management Team
- The Audit and Risk Committee
- The Nomination and Remuneration Committee

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

The Management Team (MT)

The Management Team is the management and oversight body of KPMG Turkey. The main responsibilities of the Management Committee include the approval of overall strategy, policies and regulations.

Management executive decisions for KPMG Turkey are taken by the Management Team, which meets regularly (twice in a month) and is chaired by the Senior Partner.

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

The Audit and Risk Committee

The principal role of the Audit and Risk Committee is to provide oversight of quality and risk management matters, identifying and reporting relevant issues to the Board in a timely manner. Purpose of Audit and Risk Committee is as follows:

(i) Overseeing the integrity and compliance of the financial reporting system and internal control system regarding the operations carried out by KPMG Turkey

(ii) Overseeing the professional and operational risks affecting KPMG Turkey and the management of these risks

(iii) Making recommendations on appointment, dismissal and remuneration of the independent auditor of KPMG Turkey

(iv) Monitoring compliance with current legislation.

The Audit and Risk Management Committee consists of 3 members being the partners of KPMG Turkey.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for identifying and reporting relevant issues to the Board and presenting annually to Annual Partners' Meeting on its work. Purpose of the Nomination and Remuneration Committee is as follows:

(i) Reviewing the process for determining individual profit allocation and distribution for partners' remuneration

(ii) Making recommendations on policies for remuneration and profit allocation of the Senior Partner and reviewing the recommendations of Senior Partner on partners' remuneration

(iii) Establishing and keep under review the framework for Chairman, Vice Chairman and Board member elections

(iv) Reviewing the criteria for admission of an individual to become a partner.

The Nomination and Remuneration Committee consisted of 3 members being the partners of KPMG Turkey.

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

4

System of quality control

Overview

Tone at the top, leadership, and a clear set of values and conduct are essential to set the framework for quality. However, these must be backed up by a system of quality control that ensures our performance meets the highest professional standards.

To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver a quality audit, KPMG has developed the Audit Quality Framework, based on International Standards on Quality Control (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), which apply to professional services firms that perform audits of financial statements. Both of these are relevant to member firms that perform statutory audits and other assurance and related services engagements.

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) which applies to all KPMG partners and employees. KPMG Turkey is required to establish and maintain a system of quality control and design, implement, and test the operating effectiveness of quality controls.

These policies and associated procedures are designed to assist member firms in complying with relevant professional standards, regulatory and legal requirements, and in issuing reports that are appropriate in the circumstances, as well as help member firm personnel act with integrity and objectivity and perform their work with diligence.

KPMG Turkey is required to implement KPMG International policies and procedures and also adopts additional policies and procedures that are designed to address rules and standards issued by Public Oversight Accounting and Auditing Standards Authority (POA), Banking Regulation and Supervision Agency (BRSA), Capital Markets Board (CMB), Republic of Turkey Ministry of Treasury and Finance, Energy

Market Regulatory Authority (EMRA), Turkish Certified Public Accountant and Chartered Accountant Union of Chambers (TÜRMOB), Public Company Accounting Oversight Board (PCAOB), Securities and Exchange Commission (SEC) and other relevant regulators as well as applicable legal and other regulatory requirements.

KPMG Turkey is also registered with the FINANSTILSYNET (The Financial Supervisory Authority of Norway) and UK FRC (Financial Reporting Council).

Quality control and risk management are the responsibility of all KPMG partners and employees. 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 all KPMG partners and employees wherever they are based.

While this Transparency Report summarizes KPMG's approach to audit quality, it may also be useful for stakeholders interested in KPMG Turkey's Tax and Advisory services, as many KPMG quality control procedures and processes are cross-functional and apply equally to all services offered.

Audit quality framework

At KPMG Turkey 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 auditors' report. The outcome of a quality audit is the delivery of an appropriate and independent opinion in compliance with relevant professional standards and applicable legal and regulatory requirements. To help all audit professionals concentrate on the fundamental skills and behaviours required to deliver quality audit, KPMG International has developed the Audit Quality Framework.

KPMG's audit quality framework introduces a common language that is used by all KPMG network firms to describe what they believe drives audit quality and to highlight how each of their audit professionals contributes the delivery of audit quality.

“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 behaviours permeate all KPMG member firms. All of the other drivers create 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

KPMG global leadership, working with regional and member firm leaderships, plays a critical role in establishing our commitment to quality and the highest standards of professional excellence. A culture based on quality, integrity and ethics is essential in an organization that carries out audits and other services on which stakeholders and investors rely.

At KPMG Turkey we promote a culture in which consultation is encouraged and recognized as a strength.

Tone at the top means that KPMG Turkey leadership demonstrates commitment to quality, ethics and integrity and communicates its commitment to clients, stakeholders, and society at large to earn public trust.

Code of Conduct

KPMG’s commitment to integrity and quality is enshrined in the KPMG values that lie at the heart of the way we do things. They define KPMG’s diverse and inclusive culture and our commitment to the right personal and professional conduct emphasizing that, above all, KPMG people act with integrity. The KPMG values are communicated clearly to all people and are embedded into member firms’ people processes — induction, performance development and reward.

Building on the KPMG values is the KPMG Global Code of Conduct. Member firms, including KPMG Turkey are required to adopt, as a minimum standard, the Global Code of Conduct.

In addition, the KPMG Turkey Code of Conduct lays out the expectations of ethical behaviour for all partners and employees at KPMG Turkey and is built on the foundation of the KPMG values. The KPMG Turkey 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. The Code of Conduct sets out our commitments and includes provisions that require KPMG Turkey partners and employees in summary to:

- comply with all applicable laws, regulations, professional standards and KPMG Turkey policies
- work with the right clients and third parties
- focus on quality
- maintain our objectivity and independence
- not tolerate any illegal or unethical acts, committed within KPMG Turkey, by clients or suppliers, or public officials with whom we deal
- protect information
- compete fairly
- help our people to be extraordinary
- be responsible corporate citizens
- build public trust.

All KPMG Turkey partners and employees are required to:

- comply with the Code of Conduct and confirm their compliance with the Code of Conduct, and
- complete regular training covering the Code

Individuals are encouraged to speak up when they see something that makes them uncomfortable or that is inconsistent with the KPMG values. Moreover, everyone at KPMG is responsible for reporting, and is required to report any activity that could potentially be illegal or in violation of the KPMG values, KPMG policies, applicable laws, regulations or professional standards.

We have procedures and established channels of communication so that our people can report ethical and quality issues. Retaliation is prohibited against individuals who “raise their hand” and speak up in good faith.

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

At KPMG Turkey, we regularly monitor the extent to which our people feel that the firm lives the KPMG values through the Global People Survey (refer to Section 4.4.6).

4.1.1. Leadership responsibilities for quality and risk management

KPMG Turkey demonstrates commitment to quality, ethics and integrity, and communicates our focus on quality to clients, stakeholders, and society. Our leadership plays a critical role in setting the right tone and leading by example—demonstrating an unwavering commitment to the highest standards of professional excellence and championing and supporting major initiatives.

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 KPMG Turkey.

Senior Partner

In accordance with the principles in ISQC 1, our Senior Partner, Murat Alsan has assumed ultimate responsibility for KPMG Turkey 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 KPMG Turkey are set out below.

Quality and Risk Management Partner (RMP)

Operational responsibility for the system of quality control, risk management and compliance in KPMG Turkey has been delegated to the Quality and Risk Management Partner (RMP) who is responsible for setting overall professional risk management and quality control policies and monitoring compliance for KPMG Turkey. The RMP has a seat on the Management Team and has a direct reporting line to the

Senior Partner. The RMP consults with the appointed Area Quality and Risk Management Leader.

The fact that the role is a Management Team position, and seniority of the reporting lines, underlines the importance that the firm places on risk and quality issues. The RMP is supported by a team of partners and professionals in each of the functions.

Ethics and Independence Partner (EIP)

The Ethics and Independence Partner (EIP) has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMG Turkey. In Turkey, EIP role is performed by the RMP.

The Audit, Tax (Accounting) and Advisory functions – Function Heads

The three heads of the client service functions (Audit, Tax (Accounting) 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 RMP. These procedures make it clear that at the engagement level, risk management and quality control is ultimately the responsibility of all professionals in the firm.

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

- setting the right ‘tone at the top’ by demonstrating an unwavering commitment to the highest standards of professional excellence, including scepticism, objectivity, and independence
- developing and implementing strategies to monitor and maintain knowledge and skills required of partners and employees to fulfil their professional responsibilities
- working with the RMP 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 of KPMG met 18 times during the year (2018: 21) 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. 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 of KPMG Turkey and also, if considered of sufficient magnitude, included 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 the KPMG International Global Audit groups for consideration and potential development of solutions by the KPMG Global Solutions Group (KGSG) and the International Standards Group (ISG). For more information about the KGSG and the ISG refer to Section 4.5.4.

Audit Quality Council

In addition to these regular meetings, within the Audit function our Audit Quality Council considered matters relating to maintaining and improving audit quality. During the year, the Audit Quality Council comprised 11 people.

The Audit Quality Council considered the detailed findings (and related actions) from external regulatory reviews, the internal Quality Performance Review program (QPR) 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.

Investing in continuous improvement

KPMG International globally continues to invest significantly in audit quality across the Global Organization. We are building on our sound audit quality foundations, both in terms of how we manage our firms and our audit engagements.

This means significant ongoing investment in our system of quality management, global monitoring of audit quality, our professionals and enhanced support, technology and tools for engagement teams.

Our global audit quality program ensures consistent deployment of investments to enhance and support a common approach.

4.2. Association with the right clients

4.2.1. Acceptance and continuance of clients and engagements

Rigorous global client acceptance and continuance policies are vital to being able to provide high-quality professional services.

KPMG's client and engagement acceptance and continuance systems and processes are designed to identify and evaluate any potential risks prior to accepting or continuing a client relationship, or performing a specific engagement.

KPMG must evaluate whether to accept or continue a client relationship, or perform a specific engagement. Where client/engagement acceptance (or continuance) decisions pose significant risks, additional approvals are required.

4.2.2 Client and engagement acceptance process

Client evaluation

KPMG Turkey undertakes an evaluation of every prospective client. This involves obtaining sufficient information about the prospective client, its key management and significant beneficial owners and then properly analysing the information to be able to make an informed acceptance decision. This evaluation includes completion of a questionnaire to assess the client's risk profile and obtaining background information on the client, its key management, directors and owners. In addition, we obtain additional information required to satisfy our local legal and regulatory requirements.

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 a sufficiently skilled and experienced delegate is involved in approving the evaluation.

Engagement evaluation

Each prospective engagement is also evaluated to identify 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), intended purpose and use of engagement deliverables, public perception, as well as factors specific to the type of engagement. For audit services, these include the competence of the client's financial management team and the skills and experience of partners and employees assigned to staff the engagement. The evaluation is made in consultation with other senior KPMG Turkey partners 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 business and personal 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.

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 required to be 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 standards and our policies, or if there are other quality and risk issues that cannot be appropriately mitigated.

4.2.3. Continuance process

KPMG Turkey undertakes an annual re-evaluation of all its audit clients. The re-evaluation identifies any issues in relation to continuing association and any mitigating procedures that need to be put in place (this may include the assignment of additional professionals such as an Engagement Quality Control (EQC) reviewer or the need to involve additional specialists on the audit).

Recurring or long running non-audit engagements are also subject to periodic re-evaluation.

In addition, clients and engagements are required to be re-evaluated if there is an indication that there may be a change in their risk profile and as part of the continuous independence evaluation process, engagement teams are required to identify if there have been any changes to previously identified threats or if there are new threats to independence. The threats are then evaluated and, if not at an acceptable level, are eliminated or appropriate safeguards are applied to reduce the threats to an acceptable level.

4.2.4. Withdrawal process

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

4.2.5. Client portfolio management

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

We review each audit partner's client portfolio at least annually in individual discussions with the audit partner. The reviews consider the industry, nature and risk of the client portfolio as a whole along with the competence, capabilities and capacity of the partner to deliver a quality audit for every client.

4.3. Clear standards and robust audit tools

All KPMG Turkey professionals are expected to adhere to KPMG International and KPMG Turkey policies and procedures, including independence policies, and are provided with a range of tools and guidance to support them in meeting these expectations. The KPMG Turkey 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. Our approach to audit

KPMG has been investing significantly in evolving the network's Global Organization's audit capabilities and will continue to do so in the coming years including a new global electronic audit workflow delivered through KPMG Clara platform – KPMG's smart, modular audit platform – capable of continually integrating new and emerging technologies, with advanced capabilities embedded that leverage data, automation, and visualization. Data & Analytics (D&A) is integral to the way how KPMG member firms obtain audit evidence and interact with clients in the digital era.

KPMG's high-quality audit process will continue to include:

- timely partner and manager involvement throughout the engagement
- access to the right knowledge including involvement of specialists, training and experience requirements and relevant industry expertise
- critical assessment of all audit evidence obtained during the audit, exercising appropriate professional judgment
- ongoing mentoring, supervision and review of the engagement team
- managing and documenting the audit.

Consistent audit methodology and tools

The global audit methodology, developed by the KPMG Global Solutions Group (KGSG), is based on the requirements of the International Standards on Auditing (ISAs) as well as the auditing standards of PCAOB and American Institute of CPAs (AICPA). The KPMG audit methodology is set out in KPMG Audit Manual (KAM) and includes additional requirements that go beyond the ISAs, which KPMG International believes enhance the quality of the audit. The methodology emphasizes applying appropriate professional scepticism in the execution of audit procedures and requires compliance with relevant ethical requirements, including independence. Enhancements to the audit methodology, guidance and tools are made regularly to be in compliance with standards, emerging auditing areas of focus and audit quality results (internal and external). Key topics include

risk identification, assessment and response, accounting estimates, group audits and audit sampling.

KPMG member firms may add local requirements and/or guidance in KAM to comply with additional professional, legal, or regulatory requirements.

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 audit workflow is enabled through eAudit, an activity-based workflow and electronic audit file. eAudit is KPMG's audit documentation workflow that allows 75,000+ professionals to complete high quality and consistent audits. eAudit integrates KPMG's audit methodology, guidance and industry knowledge, and the tools needed to execute and document the audit work performed.

eAudit can be "scaled" to present the relevant requirements and guidance, depending on the nature of the entity to be audited and in accordance with professional standards and applicable legal and regulatory requirements. It provides direct access to KPMG's audit guidance, professional standards and documentation templates.

Significant investments are underway to revise and enhance the KPMG audit methodology (KAM) and workflow tool (eAudit), with the deployment of KPMG Clara workflow which is being piloted in 2018, planned for initial deployment globally in 2019, and full deployment beginning in 2020. eAudit, is expected to be decommissioned in the 2021 fiscal year.

KPMG Clara workflow limited deployment – KPMG Audit Execution Guide

In the spirit of continuous improvement, significant investments are currently underway to revise and enhance the KPMG audit methodology at a Global level and which will apply to all member firms. The new KPMG audit methodology manual available to KPMG Clara workflow limited deployment engagements is the KPMG Audit Execution Guide.

The KPMG Audit Execution Guide is effective for audits of financial statements, integrated audits (as relevant), or audits of specific elements, accounts or items of a financial statement when these audits are performed in accordance with the ISA, PCAOB or U.S. GAAS (AICPA) auditing standards or local country standards and performed using the KPMG Clara workflow in the 2019 limited deployment. Each new audit manual chapter corresponds to an auditing standard (ISAs, PCAOB standards or US GAAS (AICPA) standards). The enhanced manual corresponds to the structure of the auditing standards. The new KPMG audit methodology is scalable to the nature and complexity of each audit engagement.

4.3.2. Independence, integrity, ethics and objectivity

4.3.2.1. Overview

Auditor independence is a cornerstone of international professional standards and regulatory requirements.

KPMG International has detailed independence policies and procedures, incorporating the requirements of the IESBA Code of Ethics. These are set out in KPMG's Global Quality & Risk Management Manual, which applies to all KPMG member firms. Automated tools, which must be used for every prospective engagement to identify potential independence and conflict of interest issues, facilitate compliance with these requirements.

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

The Partner-in-Charge of the Global Independence Group is supported by a core team of specialists to help ensure that robust and consistent independence, policies and procedures are in place at KPMG member firms, and that tools are available to help the firms and their personnel to comply with these requirements.

KPMG Turkey has a designated Ethics and Independence Partner who has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMG Turkey. The EIP is responsible for communicating and implementing KPMG global policies and procedures and ensuring that local policies and procedures are established and effectively implemented when they are more stringent than the global requirements. The EIP fulfils this responsibility through:

- implementing/monitoring the ethics and independence quality control process and structure within the firm;
- approving/appointing partners responsible for ethics and independence within the firm;
- overseeing the processes related to the evaluation of specific independence threats in connection with clients and prospective clients;
- participating in the development and delivery of training materials,
- monitoring compliance with policies;
- implementing procedures to address non-compliance; and
- overseeing the disciplinary process for ethics and independence matters.

Amendments to KPMG International's ethics and independence policies in the course of the year are included in regular quality and risk communications with member firms. Member firms are required to implement changes as specified in the communications, and this is checked through the internal monitoring programs described in section 4.7.1.

KPMG Turkey partners and employees are required to consult with the EIP on certain matters as defined in the Global Q&RM Manual. The EIP may also be required to consult with the Global Independence Group, depending upon the facts and circumstances.

4.3.2.2 Personal financial independence

KPMG International policies require that each KPMG member firm and its professionals are free from prohibited financial interests in, and prohibited financial relationships with, KPMG's assurance and audit clients (by definition, 'audit client' includes its related entities or affiliates), their management, directors, and, where required, significant owners. All KPMG partners — irrespective of their member firm and function — are generally prohibited from owning securities of any audit client of any member firm.

KPMG member firms use a web-based independence compliance system (KICS) to assist our professionals in complying with personal independence investment policies. This system contains an inventory of publicly available investments and provides a tracking mechanism for required users to report acquisitions and disposals of their financial interests. The system facilitates monitoring by identifying and reporting impermissible investments and other non-compliant activity (i.e., late reporting of an investment acquisition).

All Partners and all client facing employees 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 publically traded entities in KICS, which automatically notifies them if their investments subsequently becomes restricted. Newly restricted investments must be disposed of within five business days of the notification. KPMG monitors partner and manager compliance with this requirement as part of our program of independence compliance audits of a sample of professionals. The Global Independence Group provides guidance and suggested procedures relating to the audit and inspection by KPMG member firms of personal compliance with KPMG International's independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.





4.3.2.3. Employment relationships

Any KPMG Turkey 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 KPMG Turkey are prohibited from joining an audit client in certain roles unless they have disengaged from all significant connections to KPMG Turkey, including payments which are not fixed and predetermined and/or would be material to KPMG Turkey and ceased participating in KPMG Turkey business and 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 to 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 and partnership of KPMG Turkey professionals by audit clients.

4.3.2.4 Firm financial independence

KPMG member firms must also be free from prohibited interests in, and prohibited relationships with, audit clients, their management, directors and, where required, significant owners.

In common with other KPMG member firms, KPMG Turkey uses KICS to record its own direct and material indirect investments in listed entities and funds (or similar investment vehicles) as well as in non-listed entities or funds. This includes investments held in pension, and employee benefit plans.

Additionally, KPMG Turkey is required to record in KICS all borrowing and capital financing relationships, as well as custodial, trust and brokerage accounts that hold member firm assets.

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

4.3.2.5 Business relationships/suppliers

KPMG Turkey has policies and procedures in place that are designed to ensure its business relationships with audit clients are maintained in accordance with the IESBA Code of Ethics and Code of Ethics of POA and other applicable independence requirements, such as those promulgated by the SEC.

Compliance with these policies and procedures is reviewed periodically.

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. Business acquisitions, admissions and investments

If KPMG Turkey is in the process of considering the acquisition of, or investment in, a business, it is required to perform sufficient due diligence procedures on the prospective target to identify and address any potential independence and risk management issues prior to closing the transaction. Specific consultations with the Global Independence Group and Global Quality & Risk Management are required to enable independence and other issues to be addressed when integrating the business into KPMG Turkey and the wider Global Organization.

4.3.2.7. Independence clearance process

KPMG Turkey 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.

4.3.2.8. Independence training and confirmations

All KPMG Turkey partners and client facing professionals as well as certain other individuals, must complete independence training that is appropriate to their grade and function upon joining KPMG Turkey and on an annual basis thereafter.

New partners and employees who are required to complete this training must do so by the earlier of (a) thirty days after joining KPMG Turkey or (b) before providing any services to, or becoming a member of the chain of command for, any audit client (by definition, "audit client" includes its related entities or affiliates).

We also provide all partners and employees with biennial training on:

- the Global Code of Conduct and ethical behaviour, 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.

New partners and employees are required to complete this training within three months of joining KPMG Turkey.

All KPMG partners and employees are required to sign, upon joining KPMG Turkey and thereafter, an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies throughout the year.

4.3.2.9. Non-audit services

All KPMG member firms are required, at a minimum, to comply with the IESBA Code of Ethics and applicable laws and regulations, which address the scope of services that can be provided to audit clients.

KPMG Turkey is required to establish and maintain a process to review and approve all new and modified services that are developed by KPMG Turkey. KPMG Turkey's EIP is involved in the review of potential independence issues.

In addition to identifying potential conflicts of interest, Sentinel™, facilitates compliance with these policies. Certain information on all prospective engagements, including service descriptions and fees must be entered into Sentinel™ as part of the engagement acceptance process. When the engagement is for an audit client, an evaluation of potential threats and safeguards is also required to be included in the Sentinel submission. Lead audit engagement partners are required to maintain group structures for their publicly traded and certain other audit clients as well as their related entities or affiliates in Sentinel™, and they are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats.

4.3.2.10. 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 member firm expressing the audit opinion. These policies require KPMG member firms to consult with their Area Q&RM Leader where it is expected that total fees from an audit client will exceed 10 percent of the annual fee income of the member firm for two consecutive years. 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, these policies further require that:

- This would be disclosed to those charged with governance at the audit client; and
- A senior partner from another KPMG member 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 KPMG Turkey over the last two years.

4.3.2.11 Resolving Conflicts of interest

Conflicts of interest can arise in situations where KPMG Turkey partners or employees 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 Risk Management Partner (RMP) or the EIP is required in these situations.

KPMG International policies are also in place to prohibit KPMG partners and staff from accepting gifts and hospitality from audit clients, unless the value is trivial and inconsequential, is not prohibited by relevant law or regulation and is not deemed to have been offered with the intent to improperly influence the behaviour of the audit team member or the member firm. KPMG partners and employees are also precluded from offering inducements, including gifts and entertainment, which are made or perceived to be made with the intent to improperly influence the behaviour of the recipient or which would cast doubt on the individual's or the member firm's integrity, independence, objectivity or judgment.

All KPMG member firms and its partners and employees are responsible for identifying and managing conflicts of interest, which are circumstances or situations that have, or may be perceived to have an impact on a member firm and or its partners or employees in their ability to be objective or otherwise act without bias.

All KPMG member firms must use Sentinel™ for potential conflict identification so that these can be addressed in accordance with legal and professional requirements.

KPMG Turkey has risk management resources who are responsible for reviewing any identified potential conflict and working with the affected member firms to resolve the conflict, the outcome of which must be documented.

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.

4.3.2.12. Independence Breaches

All KPMG Turkey personnel are required to report an independence breach as soon as they become aware of it to the EIP. 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. All breaches of independence rules must be reported to those charged with governance as soon as possible except where alternative timing for less significant breaches has been agreed to with those charged with governance.

KPMG Turkey has a documented and communicated disciplinary policy in relation to breaches of independence policies incorporating incremental sanctions reflecting the seriousness of any violations.

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

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

Compliance with laws, regulation and standards is a key aspect for everyone at KPMG Turkey. In particular, we have 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.

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

4.3.2.14. Partner and firm rotation

Partner rotation

KPMG International partner rotation policies are consistent with or exceed the requirements of the IESBA Code of Ethics and require all member firms to comply with any stricter applicable rotation requirements. POA requires KPMG Turkey to comply with more strict rotation requirements in Turkey.

KPMG Turkey partners, directors and managers 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 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;
- in any way influence the outcome of the audit;
- lead or coordinate professional services at the client;
- oversee the relationship of the firm with the audit client; or
- have any other significant or frequent interaction with senior management or those charged with governance at the client.

KPMG Turkey monitors the rotation of audit engagement leaders and managers (and any other key roles, such as the Key Audit Partner and EQC reviewer, where there is a rotation requirement) and develops transition plans to enable allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients.

KPMG Turkey partners, directors and managers and other team members who has taken roles in financial statement audit of an audit client, shall not undertake a financial statement audit for any audit client in respect of more than five years in a period of seven years until a three year “cooling off period” has elapsed. KPMG Turkey has processes in place to track and manage the rotation.

Firm rotation

KPMG Turkey shall not undertake a financial statement audit for any audit client in respect of more than seven years in a period of ten years until a three year “cooling off period” has elapsed. KPMG Turkey 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 all KPMG Turkey professionals have the appropriate skills and experience, passion and purpose, to deliver the highest quality in audit. This requires the right recruitment, development, reward, promotion, retention and assignment of professionals.

4.4.1. Recruitment

KPMG Turkey is committed to building an extraordinary people experience for all KPMG partners and employees and prospective partners and employees.

KPMG Turkey's recruitment strategy is 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.

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

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. These leverage fair and job-related criteria to ensure that candidates possess the appropriate characteristics to perform competently, are suitable and best placed for their roles.

KPMG recruited over 200 new graduates for the year ended 30 September 2019 (2018: approximately 200).

Where individuals are recruited for senior grades, a formal independence discussion is conducted with them by the Ethics and Independence Partner or a delegate. KPMG Turkey does not accept any confidential information belonging to the candidate's former firm/employer.

4.4.2 Personal development

KPMG Turkey has launched a new approach to performance development built around the "Everyone a Leader" performance principles, Open Performance Development, which includes:

- Global role profiles;
- a goal library; and
- Standardized review forms.

Open Performance Development is linked to the KPMG values and designed to articulate what is required for success — both individually and collectively. We know that by being clear and consistent about the behavior we're looking for and rewarding those who role model these behaviours, will enhance our ability to achieve quality and we have articulated this through our performance principles of seeking growth, inspiring trust and delivering impact.

At the same time, we are driving a shift in our performance-driven culture, supported by and enacted through leading technology that allow us to embed audit quality to the assessment of performance and the decisions around reward as well as drive consistency across the Global Organization.

KPMG Turkey monitors quality and compliance incidents and maintains quality and compliance metrics in assessing the overall evaluation, promotion and remuneration of partners, and directors and managers. These evaluations are conducted by performance managers and partners who are in a position to assess performance.

4.4.3. Inclusion and diversity programs

KPMG Turkey 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.

Our leadership and management teams also need to reflect the diversity within our firm and the diversity of our clients. We believe that the established KPMG Global Inclusion and Diversity strategy provides the framework to drive the actions that are necessary to promote inclusive leadership at KPMG Turkey and across all KPMG member firms.

4.4.4. Reward and Promotion

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

4.4.4.1. Reward

KPMG has compensation and promotion policies that are informed by market data, clear, simple, and linked to the performance review process. This helps our partners and employees know what is expected of them, and what they can expect to receive in return. The connection between performance and reward is achieved through moderation meetings where relative performance across a peer group is discussed and used to inform reward decisions.

Reward decisions are based on consideration of both individual and organizational (member firm) performance.

The results of performance evaluations directly affect the promotion and remuneration of partners and employees and, in some cases, their continued association with KPMG.

The extent to which our people feel their performance has been reflected in their reward is measured through the Global People Survey, with action plans developed accordingly.

4.4.4.2. Promotion

The results of performance evaluations directly affect the promotion and remuneration of partners and staff and, in some cases, their continued association with KPMG.

4.4.4.3. Partner admissions

KPMG Turkey process for admission to partnership is rigorous and thorough, involving appropriate members of leadership. Our criteria for admission to the KPMG Turkey partnership are consistent with our commitment to professionalism and integrity, quality, and being an employer of choice.

4.4.5. Assignment of professionals

KPMG Turkey 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 taking into account 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, training 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 or external experts.

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 KPMG Turkey's quality control policies and procedures
- Quality Performance Review (QPR) results and results of regulatory inspections.

4.4.6. Insights from our people – Global People Survey (GPS)

Annually, KPMG Turkey invites all its people to participate in an independent Global People Survey to share their perception about their experience working for KPMG. The GPS provides an overall measure of our people's engagement through an Engagement Index (EI) and Performance Excellence Index (PEI) as well as insights into areas driving engagement which may be strengths or opportunities. Results can be analysed by functional or geographic area, grade, role, gender to provide additional focus for action. Additional insight is provided on how we are faring on categories known to impact engagement.

The survey also specifically provides KPMG Turkey leadership and KPMG global leadership with results related to quality and risk behaviours, audit quality, upholding the KPMG values, employee and partner attitudes to quality, leadership and tone at the top.

KPMG Turkey participates in the GPS, monitors results and takes appropriate actions to communicate and respond to the findings of the survey. The results of the GPS are also aggregated for the entire Global Organization and 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 KPMG Turkey professionals are provided with the technical training and support they need to perform their roles. This includes access to internal specialists and the professional practice department, either to provide resources to the engagement team or for consultation. Where the right resource is not available within KPMG Turkey, access is provided to a network of highly skilled KPMG professionals in other KPMG member firms.

At the same time, audit policies require all KPMG audit professionals to have the appropriate knowledge and experience for their assigned engagements.

4.5.1. Lifetime learning strategy

Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development steering groups at global, regional and, where applicable, at a local level. Training is delivered using a blend of classroom, digital learning and performance support to assist auditors on the job.

Mentoring and on the job training

Learning is not confined to the classroom — rich learning experiences are available when needed 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. Licensing and mandatory requirements for IFRS, U.S. GAAP and Local Statutory engagements

Licensing

All KPMG Turkey professionals are required to comply with applicable professional licence rules and satisfy the Continuing Professional Development (CPD) requirements in the jurisdiction where they practice. KPMG policies and procedures are designed to facilitate compliance with licence requirements. 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, IFRS and Turkish Financial Reporting Standards ("TFRS") published by POA.

Mandatory requirements – IFRS and U.S.GAAP engagements

In addition, KPMG has specific requirements for partners, managers and EQC reviewers working on IFRS engagements in countries where IFRS is not the predominant financial reporting framework. Similar policies apply to engagements performed outside the U.S. to report on financial statements or financial information prepared in accordance with U.S. GAAP and/or audited in accordance with U.S. auditing standards, including reporting on the effectiveness of the entity's internal control over financial reporting (ICOFR). These require that, at a minimum, all partners, managers, engagement in-charges, and EQC reviewers assigned to the engagement 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 CPD requirements of such bodies (at a minimum, professionals comply with IESBA requirements, POA 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

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

Specialists who are members of an audit team and have overall responsibility for specialist involvement on an audit engagement have the competencies, capabilities and objectivity to appropriately fulfil their role. Training on audit concepts is provided to these specialists.

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.

4.5.4. Culture of Consultation

KPMG encourages a strong culture of consultation that supports member firm teams throughout their decision-making processes and is a fundamental contributor to audit quality. KPMG Turkey promotes a culture in which consultation is recognized as a strength and that encourages all KPMG professionals 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. In addition, the KPMG Global Q&RM Manual includes mandatory consultation requirements where certain matters are identified such as concerns over client integrity.

Technical consultation and global resources

Technical auditing and accounting support is available to all member firms and their professionals through the KPMG Global Solutions Group (KGSG) (formally referred to as the Global Service Centre (GSC)) and the ISG as well as the US Capital Markets Group for SEC foreign registrants.

KPMG Global Solutions Group (KGSG)

The KGSG's mission is to drive success for KPMG's global network of Audit practices through collaboration, innovation and technology.

The KGSG develops, maintains and deploys KPMG's global audit methodology and technology-based tools used by KPMG audit professionals to facilitate effective and efficient audits.

With three global locations, one in each region, the KGSG Audit team is made up of professionals with backgrounds in audit, IT, data science, mathematics, statistics, and more from around the world who bring diverse experiences and innovative ways of thinking to further evolve KPMG's audit capabilities.

International Standards Group (ISG)

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

Member firm professional practice resource

Appropriate consultation support on auditing and technical accounting matters is provided to audit engagement professionals through our professional practice resources (referred to as Department of Professional Practice or DPP).

DPP assists engagement teams where there are differences of opinion either within teams or with the EQC reviewer. Unresolved differences are required to be escalated to senior partners for final resolution. The ISG is also available for consultation when required.

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 through the KPMG audit workflow. 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 the KPMG audit workflow.

4.6. Performance of effective and efficient audits

How an audit is conducted is as important as the final result. KPMG Turkey partners and employees are expected to demonstrate certain key behaviours 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 the KPMG audit methodology, guidance and industry knowledge, and the tools needed to manage audits consistently. The KPMG 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 scepticism;
- ongoing mentoring, supervision, and review;
- appropriately supported and documented conclusions and
- robust challenge and review, including EQC 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 and therefore for the direction, supervision and performance of the engagement and therefore responsible for the overall quality of the audit engagement.

Involvement and leadership from the engagement partner during the planning 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 scepticism

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 scepticism throughout the audit engagement.

Professional scepticism involves a questioning mind and alertness to contradictions or inconsistencies in audit evidence. Professional scepticism 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 scepticism throughout the audit.

The 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 scepticism.

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 scepticism 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, KPMG Turkey promotes a continuous learning environment and supports a coaching culture.

Ongoing mentoring, coaching 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; and
- 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

KPMG uses the KAM and KPMG International’s electronic audit tool, eAudIT, 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 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. Engagement 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 auditor’s report but may be more restrictive under certain applicable regulations.

4.6.1.5. Timely involvement of the EQC Reviewer

EQC reviewers are independent of the engagement team and have the 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.

The EQC is an important part of KPMG’s framework for quality. An EQC reviewer is required to be appointed for 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 Risk Management Partner or country Head of Audit.

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 complete.

KPMG Turkey is continually seeking to strengthen and improve the role that the EQC reviewer plays in audits, as this is a fundamental part of the system of audit quality control.

4.6.1.6. Reporting

Auditing standards and 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 auditor’s reports, engagement partners have access to extensive reporting guidance and technical support through consultations with our DPP, especially where there are significant matters to be reported to users of the auditor’s report, (e.g. a modification to the opinion or through the inclusion of an ‘emphasis of matter’ or ‘other matter’ paragraph, as well as key audit matters to be communicated).

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 is a key aspect of reporting and service delivery.

At KPMG Turkey, we stress the importance of keeping those charged with governance informed of issues arising throughout the audit and the need to listen to 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.

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 KPMG 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 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 KPMG Turkey personnel.

4.7. Commitment to continuous improvement

KPMG commits to continually improve the quality, consistency and efficiency of KPMG 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 overall system of quality control.

The quality monitoring and compliance programs (see section 4.7.1 for details) are globally administered and consistent in their approach across all member firms, including the nature and extent of testing and reporting. KPMG Turkey compares the results of its 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

KPMG Turkey monitoring programs evaluate both:

- Engagement performance in compliance with the applicable standards, applicable laws and regulation and KPMG International policies and procedures; and
- KPMG Turkey compliance with KPMG International policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

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. These include:

- Quality Performance Reviews (QPR) and Risk Compliance Programs (RCP), which are conducted annually across the Audit, Tax and Advisory functions; and
- A cross functional Global Compliance review (GCR) program which is conducted at least every three years.

The results and lessons from the integrated monitoring programs are communicated internally and appropriate action is taken at local, regional and global levels.

Audit Quality Performance Reviews (QPRs)

KPMG Turkey is subject to the monitoring process, called Quality Performance Review which is performed by KPMG International, whose main purpose is the assessment that member firm quality control system complies with the Company's professional standards and applicable legislative provisions.

Another aim of QPR process is to determine whether there are situations where the deficiencies identified do not fully indicate that the reports issued by our responsible auditors are insufficient to provide reasonable assurance, or other significant deficiencies that require systemic, repetitive or corrective action to be taken at once.

QPR forms the basis of our efforts to monitor the audit quality and the compliance of the audit team with professional standards, company policies and procedures, and is one of the main programs in which measures compliance with KPMG International, ISQC 1 and KKS 1.

The QPR Program evaluates the performance of the services provided and identifies opportunities to improve service quality. In order to ensure that the QPR program is carried out effectively in our company, a responsible auditor with sufficient and appropriate experience and authority is assigned to take responsibility for the monitoring process.

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 three-year cycle. A risk-based approach is used to select engagements.

KPMG Turkey conducts the annual QPR program in accordance with KPMG International QPR instructions. The reviews are performed at KPMG Turkey 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 Audit QPR

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

Audit engagements selected for review are rated as "Satisfactory", "Performance Improvement Needed" or "Unsatisfactory".

Any identified deficiencies and recommendations for appropriate corrective actions are reported to the relevant engagement partners and other relevant personnel. Recommendations for corrective actions for identified deficiencies include one or more of the following:

- a) Taking appropriate corrective steps for only audit or staff
- b) Communicating the findings to those responsible for training and career development
- c) Changing the quality control policies and procedures,
- d) Implement disciplinary action by the firm about those who do not comply with the firm's policies and procedures, particularly those who repeat this behavior. These notifications are then properly documented.

KPMG Turkey's engagement partners are informed about the lower than satisfactory audit ratings in cross-border and/or global audit accounts and affiliates.

In addition, the engagement partners of other member companies affiliated to the audit network are informed that they are considered to be less than "satisfactory" from the QPR handled by our company.

The Quality and Risk Management Partner determines the action to be taken to ensure compliance with professional standards and regulatory environment requirements when the results obtained under the Quality Performance Program indicate that an output obtained in the audit may be inappropriate.

Steps to take include all necessary consultations (Audit Quality and Risk Management Partner, Functional Leadership, Service Line Leadership or Department of Professional Practice) that local policies and procedures may require.

The first thing to do is to notify the relevant the engagement partner, audit team and, if applicable, the person reviewing the audit quality. If the procedures are skipped in a systematic or general context, information is given throughout the company.

And later, the effects of these deficiencies are detected and these effects are eliminated in the current period. In some cases, legal advice may also be required. Measures to be taken may also include disciplinary procedures for the relevant the engagement partner and audit team (and, if applicable, the person reviewing the quality of the audit).

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 (defined as 'Performance Improvement Needed' or 'Unsatisfactory') 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 KPMG member firms. These policies and processes, and their related procedures, include the requirements of ISQC1. 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:

- document, assess and monitor the extent of compliance of KPMG Turkey system of quality control with Global Quality & Risk Management policies and key legal and regulatory requirements relating to the delivery of professional services; and
- provide the basis for KPMG Turkey 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 and monitor the status of each action item.

Global Compliance Review (GCR) program

Each member firm is subject to a GCR conducted by KPMG International's GCR team, independent of the member firm, at least once in a 3-year cycle.

The GCR team performing the reviews is independent of the KPMG member firm and is objective and knowledgeable of Global Quality and Risk Management policies.

GCRs assess compliance with selected KPMG International policies and procedures and share best practices among member firms.

The GCR provides an independent assessment of:

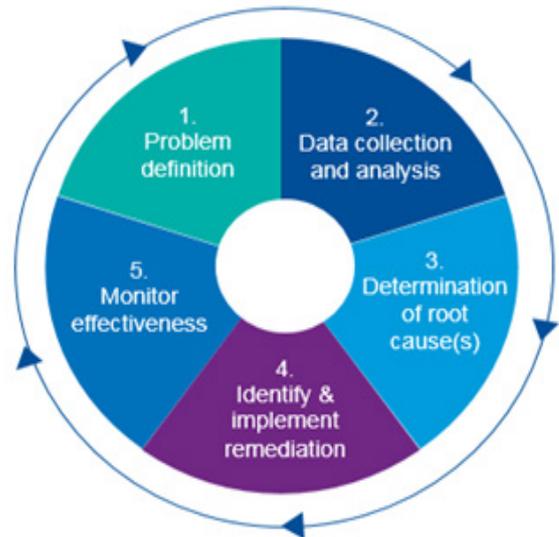
- a member firm's commitment to quality and risk management (tone at the top) and the extent to which its overall structure, governance and financing support and reinforce this commitment
- a member firm's compliance with KPMG International policies and procedures; and
- the robustness with which the member firm performs its own compliance program (RCP).

KPMG Turkey develops action plans to respond to all GCR findings and agree these with the GCR team. Our progress on action plans is monitored by the GCR central team. Results are reported to the Global Quality & Risk Management Steering Group and, where necessary, to appropriate KPMG International and regional leadership, to help ensure timely remedial actions taken by the member firm.

Root Cause Analysis (RCA)

KPMG Turkey 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. Since 2016, the individuals who perform RCA or direct those individuals performing RCA within KPMG Turkey has attended the RCA training based on our "Global RCA 5-Step Principles" every year. 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 all KPMG member firms to perform RCA and thereby identify and subsequently develop appropriate remediation plans for the quality issues identified.

KPMG Turkey's Head of the Audit is responsible for development and implementation of action plans as a result of RCA including identification of solution owners. Risk Management Partner is responsible for monitoring the implementation of these action plans.

4.7.2. Recommendations for improvements

At a global level, through the Global Audit Quality Issues Council (GAQIC) and the Global Quality & Risk Management Steering Group, KPMG International reviews the results of the quality monitoring programs, analyses member firm root causes and action plans and develops additional global actions as required.

Global remediation plans developed by KPMG International are aimed at changing culture and behaviour across the Global Organization and at driving consistent engagement team performance within KPMG member firms. The remediation plans have been implemented through the development of global training, tools and guidance to drive consistency, ensure the fundamentals are right and that best practice is shared across the Global Organization.

4.8. External feedback and dialogue

4.8.1. Regulators

In August 2017, POA performed an audit file review. POA sent the final report regarding the inspection in September 2018. Remedial actions have been taken regarding the final report.

In July 2018, POA has started the audit file reviews.

POA sent the issues included in the review reports in August 2019, in order to make our written statement about these issues. POA sent the final report regarding the inspection in December 2019. Remedial actions have been taken regarding the final report. The controls on the performing of actions are followed through preliminary reviews.

In August 2016, CMB has started a quality control inspection of the firm. CMB sent the final report regarding the inspection in January 2018. Remedial actions have been taken regarding the final report.

In February 2019, CMB has started an audit file review. CMB sent the final report regarding the inspection in August 2019. Remedial actions have been taken regarding the final report.

4.8.2. Client Feedback

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

4.8.3. 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, KPMG Turkey, through a third-party provider, maintains the Ethics and Compliance Hotline. The firm encourages use of the hotline when KPMG Turkey 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 KPMG Turkey'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 the Global Code of Conduct.

5

Financial information

Revenue earned from audit services between the periods 1 October 2018 – 30 September 2019 compared to revenue earned from non-audit services are as follows:

Audit Services	TL 115.8 m
Other Audit Services	TL 7.8 m
Bookkeeping Services	TL 16.6 m
Non-Audit Services	TL 64.9 m
Total	TL 205.1 m



6

Partner remuneration

Partners' profit share

In addition to monthly gross salaries, partners are remunerated out of the distributable profits of KPMG Turkey and are personally responsible for funding pensions and most other benefits. The final allocation of partner profit is made by the Senior Partner and the MT depending on the Partner Reward Principles agreed by the partners. Partner performance based on quality, financial, people management, leadership and business development, together with market worth and roles are taken into account in the Partner Reward Principles. The Nomination and Remuneration Committee supervises the process and oversees its application.

7

Network arrangements

7.1 Legal Structure

The independent member firms of the KPMG network are affiliated with KPMG International (KPMG International) is 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 (as set out in the Appendices to this document).

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

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, 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 59 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.

The Global Board includes the Global Chairman, the Chairman of each of the three 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 Chairman of each of the regions and currently three other senior partners of member firms. The list of Global Board members, as at October 2019 is available in the KPMG Global 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 Chairman and includes the Global Chief Operating Officer, the Global Chief Administrative Officer, global function and infrastructure heads and the General Counsel.

The list of Global Management Team members as at October 2019 is available in the KPMG Global Review.

Global Steering Groups

The Global Steering Groups represent the function and infrastructure groups of KPMG International and are the main driving groups of the organization. They act under delegated authority from the Global Board and oversight by the Global Management Team, in particular the Global Audit Steering Group, Global Audit Quality Steering Committee and Global Quality Risk Management Steering Group 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 roles of the Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in section ‘Governance and leadership’ of the KPMG International Transparency Report.

Each member firm is part of one of three regions (the Americas, ASPAC and EMA). Each region has a Regional Board comprising a regional chairman, regional chief operating 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 ‘Governance and leadership’ of the KPMG International Transparency Report.

7.5. Area Quality & Risk Management Leaders

The Global Head of Quality, Risk and Regulatory appoints Area Quality & Risk Management Leaders (ARL) who serve a regular and ongoing monitoring and consultation function to assess the effectiveness of a member firm’s efforts and processes to identify, manage and report significant risks that have the potential to damage the KPMG brand. Significant activities of the ARL, including member firm issues identified and related member firm response/remediation, are reported to Global Quality & Risk Management (GQ&RM) leadership. The objectives of the ARL role are to:

- assist GQ&RM leadership in the monitoring of member firms ‘quality and risk activities;
- work with GQ&RM leadership and the International Office of General Counsel (IOGC) when significant brand and legal risk issues occur to assist in ensuring that matters are properly handled; and
- assist in monitoring the effectiveness of member firm remediation of significant issues, including identification of the root cause(s) of serious quality incidents.



8

Statement by the Board of KPMG Turkey on the effectiveness of quality controls and independence

The measures and procedures that serve as the basis for the system of quality control for KPMG Turkey 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 KPMG Turkey 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 KPMG Turkey confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively for the year ended 30 September 2019.

Further, the Board of KPMG Turkey confirms that an internal review of independence compliance within our firm has been conducted for the year ended 30 September 2019.

Murat Alsan

Chairman

31 January 2020





9

Appendix 1

Ownership Structure

Name Surname ⁽²⁾	Share TL	Share %
Murat Alsan	5.997	11,994
Hatice Nesrin Tuncer	4.500	9
Ruşen Fikret Selamet	4.500	9
Erdal Tıkmak	4.500	9
Gökhan Atılğan	4.500	9
Orhan Akova	2.750	5,5
İsmail Önder Ünal	2.750	5,5
Hakkı Özgür Sıvacı	2.750	5,5
Funda Aslanoğlu	2.750	5,5
Şirin Soysal	2.750	5,5
Serkan Ercin	2.750	5,5
Hakan Ölekli	2.750	5,5
Alper Güvenç	2.750	5,5
Ayşe Özlem Karahan	500	1
Çiğdem Atılğan	500	1
Işıl Keser	500	1
Esmâ Kabak	500	1
Mustafa Şafak Erdur	500	1
Aysel Tunç	500	1
Ali Tuğrul Uzun	500	1
Gökçe Adıgüzel	500	1
Aslı Dinçyürek	1	0,002
Nilgün Çallıalp	1	0,002
Özgür Başpınar	1	0,002
	50.000	100,00

(2) During the current period, Aslı Dinçyürek left her position as a shareholder, Ayşe Dağistanlı was assigned as shareholder.



Appendix 2. Public-Interest Entities (PIE)

The list of public interest entity (PIE) audit clients for which KPMG Turkey has signed an independent auditor's report on financial statements of 2019 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		Banks
1	Aksa Enerji Üretim A.Ş.	1	Aktif Yatırım Bankası A.Ş.
2	Anadolu Birlik Holding A.Ş.	2	Anadolubank A.Ş.
3	Banvit Bandırma Vitaminli Yem Sanayii A.Ş.	3	Arap Türk Bankası A.Ş.
4	Beta Ziraat ve Ticaret A.Ş.	4	Bankpozitif Kredi ve Kalkınma Bankası A.Ş.
5	Brisa Bridgestone Sabancı Lastik Sanayi ve Ticaret A.Ş.	5	Citibank A.Ş.
6	Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş.	6	Deutsche Bank A.Ş.
7	Doğrudan Elektrik Enerjisi Toptan Satış ve Tedarik A.Ş.	7	Fibabanka A.Ş.
8	Doğu Holding A.Ş.	8	GSD Yatırım Bankası A.Ş.
9	Döktaş Dökümcülük Ticaret ve Sanayi A.Ş.	9	ICBC Turkey Bank A.Ş.
10	Dünya Göz Hastanesi Sanayi ve Ticaret A.Ş.	10	ING Bank A.Ş.
11	Enka İnşaat ve Sanayi A.Ş.	11	Intesa Sanpaolo S.P.A. İtalya İstanbul Merkez Şubesi
12	Garanti Filo Yönetim Hizmetleri A.Ş.	12	İstanbul Takas ve Saklama Bankası A.Ş.
13	Garanti Yatırım Ortaklığı A.Ş.	13	Odea Bank A.Ş.
14	Global Yatırım Holding A.Ş.	14	Standard Chartered Yatırım Bankası Türk A.Ş.
15	GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş.	15	T.C. Ziraat Bankası A.Ş.
16	GSD Holding A.Ş.	16	Turkish Bank A.Ş.
17	Hektaş Ticaret T.A.Ş.	17	Türkiye Emlak Katılım Bankası A.Ş.
18	İzmir Demir Çelik Sanayi A.Ş.	18	Türkiye Garanti Bankası A.Ş.
19	İzocam Ticaret ve Sanayi A.Ş.	19	Türkiye İhracat Kredi Bankası A.Ş.
20	Kangal Termik Santral Elektrik Üretim A.Ş.	20	Türkiye Kalkınma Bankası A.Ş.
21	Kaplamin Ambalaj Sanayi ve Ticaret A.Ş.	21	Ziraat Katılım Bankası A.Ş.
22	Kayseri Şeker Fabrikası A.Ş.		Factoring companies
23	Kent Gıda Maddeleri Sanayi ve Ticaret A.Ş.	1	Anadolu Faktoring A.Ş.
24	Klimasan Klima Sanayi ve Ticaret A.Ş.	2	C Faktoring A.Ş.
25	Koneli Tarım ve Sanayi Ürünleri Pazarlama A.Ş.	3	Çağdaş Faktoring A.Ş.
26	Konya Şeker Sanayi ve Ticaret A.Ş.	4	Garanti Faktoring A.Ş.
27	Kordsa Teknik Tekstil A.Ş.	5	GSD Faktoring A.Ş.
28	Mavi Giyim Sanayi ve Ticaret A.Ş.	6	ING Faktoring A.Ş.
29	Panagro Tarım Hayvancılık Gıda Sanayi ve Ticaret A.Ş.	7	Kent Faktoring A.Ş.
30	Panek Ziraat Aletleri Dayanıklı. Tüketim Malzemeleri Otomotiv Yakıt Petrol Ürünleri Tarım Ticaret A.Ş.	8	Sardes Faktoring A.Ş.
31	Panplast Sulama Tarım Sanayi ve Ticaret A.Ş.	9	Yaşar Faktoring A.Ş.
32	Parsan Makina Parçaları Sanayi A.Ş.		
33	Pera Gayrimenkul Yatırım Ortaklığı A.Ş.		
34	Sanko Pazarlama İthalat İhracat A.Ş.		
35	Soma Termik Santral Elektrik Üretim A.Ş.		
36	Tat Gıda Sanayi A.Ş.		
37	Teknosa İç Ve Dış Ticaret A.Ş.		
38	Türk Hava Yolları A.O		
39	Türk Telekomünikasyon A.Ş.		
40	Yünsa Yünlü Sanayi ve Ticaret A.Ş.		

	Intermediary institutions		Financing companies
1	Anadolu Yatırım Menkul Kıymetler A.Ş.	1	Mercedes-Benz Finansman Türk A.Ş.
2	Citi Menkul Değerler A.Ş.	2	Orfin Finansman A.Ş.
3	Credit Suisse İstanbul Menkul Değerler A.Ş.		Asset management companies
4	Deutsche Securities Menkul Değerler A.Ş.	1	Hayat Varlık Yönetimi A.Ş.
5	Garanti Yatırım Menkul Kıymetler A.Ş.	2	Sümer Varlık Yönetim AŞ
6	ICBC Turkey Yatırım Menkul Değerler A.Ş.		Insurance, reinsurance, life and pension companies
7	ING Menkul Değerler A.Ş.	1	Atradius Credito Y Caucion S.A. de Seguros Y Reasegureos Merkezi İspanya Türkiye İstanbul Şubesi
8	GCM Yatırım Menkul Değerler A.Ş.	2	Bereket Emeklilik ve Hayat A.Ş.
9	Turkish Yatırım Menkul Değerler A.Ş.	3	Bereket Sigorta A.Ş.
10	Ziraat Yatırım Menkul Değerler A.Ş.	4	Fiba Emeklilik ve Hayat A.Ş.
	Portfolio management companies	5	Garanti Emeklilik ve Hayat A.Ş.
1	Fiba Portföy Yönetimi A.Ş.	6	Mapfre Sigorta A.Ş.
2	Garanti Portföy Yönetimi A.Ş.	7	Mapfre Yaşam Sigorta A.Ş.
3	ICBC Turkey Portföy Yönetimi A.Ş.	8	Neova Sigorta A.Ş.
4	Mükafat Portföy Yönetimi A.Ş.	9	NN Hayat ve Emeklilik A.Ş.
5	Ziraat Portföy Yönetimi A.Ş.	10	Ray Sigorta A.Ş.
	Asset leasing companies	11	Şeker Sigorta A.Ş.
1	Aktif Bank Sukuk Varlık Kiralama A.Ş.	12	Sompo Japan Sigorta A.Ş.
2	Ziraat Katılım Varlık Kiralama A.Ş.	13	Ziraat Hayat ve Emeklilik A.Ş.
3	ZKB Varlık Kiralama A.Ş.	14	Ziraat Sigorta A.Ş.
	Investment trusts		
1	Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.		
2	Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.		
	Real estate appraisal companies		
1	Avrupa Gayrimenkul Değerleme ve Danışmanlık A.Ş.		
	Central securities depository		
1	Merkezi Kayıt Kuruluşu A.Ş.		
	Leasing Companies		
1	A&T Finansal Kiralama A.Ş.		
2	Anadolu Finansal Kiralama A.Ş.		
3	Garanti Finansal Kiralama A.Ş.		
4	ING Finansal Kiralama A.Ş.		
5	Mercedes-Benz Finansal Kiralama Türk A.Ş.		

Mutual Funds and Pension Funds	
	<i>Actus Portföy Yönetimi A.Ş. Fonları</i>
1	Actus Portföy Yönetimi A.Ş. 2019 Yatırım Dönemli Değişken Şemsiye Fonu
2	Actus Portföy Yönetimi A.Ş. Borçlanma Araçları Şemsiye Fonu
3	Actus Portföy Yönetimi A.Ş. Gaziantep Entegre Sağlık Kampüsü PPP Girişim Sermayesi Yatırım Fonu
4	Actus Portföy Yönetimi A.Ş. Greenone Yenilenebilir Enerji Girişim Sermayesi Yatırım Fonu
5	Actus Portföy Yönetimi A.Ş. Hisse Senedi Şemsiye Fonu
6	Actus Portföy Yönetimi A.Ş. Hitit Serbest Şemsiye Fonu
7	Actus Portföy Yönetimi A.Ş. Lidya Serbest Şemsiye (Döviz) Fonu
8	Actus Portföy Yönetimi A.Ş. Logo Ventures Girişim Sermayesi Yatırım Fonu
9	Actus Portföy Yönetimi A.Ş. Urartu Serbest Şemsiye (Döviz) Fonu
	<i>Aktif Yatırım Bankası A.Ş. Fonları</i>
10	Aktif Yatırım Bankası A.Ş. (1) No'lu Varlık Finansman Fonu
11	Aktif Yatırım Bankası A.Ş. (2) No'lu Emek Varlık Finansman Fonu
12	Aktif Yatırım Bankası A.Ş. (2) No'lu Turkcell Varlık Finansman Fonu
13	Aktif Yatırım Bankası A.Ş. (3) No'lu Turkcell Varlık Finansman Fonu
14	Aktif Yatırım Bankası A.Ş. (3) No'lu Varlık Finansman Fonu
15	Aktif Yatırım Bankası A.Ş. (4) No'lu Emek Varlık Finansman Fonu
16	Aktif Yatırım Bankası A.Ş. (5) No lu Emek Varlık Finansman Fonu
17	Aktif Yatırım Bankası A.Ş. (8) No'lu Emek Varlık Finansman Fonu
18	Aktif Yatırım Bankası A.Ş. (9) No'lu Emek Varlık Finansman Fonu
	<i>Bereket Emeklilik ve Hayat A.Ş. Yatırım Fonları</i>
19	Bereket Emeklilik ve Hayat A.Ş. Altın Katılım Emeklilik Yatırım Fonu
20	Bereket Emeklilik ve Hayat A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu
21	Bereket Emeklilik ve Hayat A.Ş. Büyüme Katılım Değişken Emeklilik Yatırım Fonu
22	Bereket Emeklilik ve Hayat A.Ş. Katılım Değişken Grup Emeklilik Yatırım Fonu
23	Bereket Emeklilik ve Hayat A.Ş. Katılım Hisse Senedi Emeklilik Yatırım Fonu
24	Bereket Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu
25	Bereket Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu
26	Bereket Emeklilik ve Hayat A.Ş. Muhafazakar Katılım Değişken Emeklilik Yatırım Fonu
27	Bereket Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu
28	Bereket Emeklilik ve Hayat A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu
29	Bereket Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu
	<i>Fiba Emeklilik ve Hayat A.Ş. Fonları</i>
30	Fiba Emeklilik ve Hayat A.Ş. Altın Emeklilik Yatırım Fonu
31	Fiba Emeklilik ve Hayat A.Ş. Atlas Portföy Değişken Emeklilik Yatırım Fonu
32	Fiba Emeklilik ve Hayat A.Ş. Başlangıç Emeklilik Yatırım Fonu
33	Fiba Emeklilik ve Hayat A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu
34	Fiba Emeklilik ve Hayat A.Ş. Birinci Değişken Emeklilik Yatırım Fonu
35	Fiba Emeklilik ve Hayat A.Ş. Borçlanma Araçları Emeklilik Yatırım Fonu
36	Fiba Emeklilik ve Hayat A.Ş. Borçlanma Araçları Grup Emeklilik Yatırım Fonu
37	Fiba Emeklilik ve Hayat A.Ş. Değişken Grup Emeklilik Yatırım Fonu
38	Fiba Emeklilik ve Hayat A.Ş. Dengeli Değişken Emeklilik Yatırım Fonu
39	Fiba Emeklilik ve Hayat A.Ş. Dengeli Değişken Grup Emeklilik Yatırım Fonu
40	Fiba Emeklilik ve Hayat A.Ş. Fiba Portföy Borçlanma Araçları Emeklilik Yatırım Fonu
41	Fiba Emeklilik ve Hayat A.Ş. Global MD. Portföy Değişken Emeklilik Yatırım Fonu
42	Fiba Emeklilik ve Hayat A.Ş. Hisse Senedi Emeklilik Yatırım Fonu
43	Fiba Emeklilik ve Hayat A.Ş. Hisse Senedi Grup Emeklilik Yatırım Fonu
44	Fiba Emeklilik ve Hayat A.Ş. İkinci Değişken Emeklilik Yatırım Fonu
45	Fiba Emeklilik ve Hayat A.Ş. İstanbul Portföy Değişken Emeklilik Yatırım Fonu
46	Fiba Emeklilik ve Hayat A.Ş. Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu

47	Fiba Emeklilik ve Hayat A.Ş. Kamu Dış Borçlanma Araçları Grup Emeklilik Yatırım Fonu
48	Fiba Emeklilik ve Hayat A.Ş. Kare Portföy Fon Sepeti Emeklilik Yatırım Fonu
49	Fiba Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu
50	Fiba Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu
51	Fiba Emeklilik ve Hayat A.Ş. Katkı Emeklilik Yatırım Fonu
52	Fiba Emeklilik ve Hayat A.Ş. Mükafat Portföy Katılım Değişken Emeklilik Yatırım Fonu
53	Fiba Emeklilik ve Hayat A.Ş. OKS Agresif Değişken Emeklilik Yatırım Fonu
54	Fiba Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu
55	Fiba Emeklilik ve Hayat A.Ş. OKS Atak Değişken Emeklilik Yatırım Fonu
56	Fiba Emeklilik ve Hayat A.Ş. OKS Atak Katılım Değişken Emeklilik Yatırım Fonu
57	Fiba Emeklilik ve Hayat A.Ş. OKS Dengeli Değişken Emeklilik Yatırım Fonu
58	Fiba Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu
59	Fiba Emeklilik ve Hayat A.Ş. OKS Muhafazakar Değişken Emeklilik Yatırım Fonu
60	Fiba Emeklilik ve Hayat A.Ş. OKS Standart Emeklilik Yatırım Fonu
61	Fiba Emeklilik ve Hayat A.Ş. Osmanlı Portföy Değişken Emeklilik Yatırım Fonu
62	Fiba Emeklilik ve Hayat A.Ş. Oyak Portföy Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu
63	Fiba Emeklilik ve Hayat A.Ş. Oyak Portföy Değişken Emeklilik Yatırım Fonu
64	Fiba Emeklilik ve Hayat A.Ş. Oyak Portföy Hisse Senedi Emeklilik Yatırım Fonu
65	Fiba Emeklilik ve Hayat A.Ş. Oyak Portföy Standart Emeklilik Yatırım Fonu
66	Fiba Emeklilik ve Hayat A.Ş. Para Piyasası Emeklilik Yatırım Fonu
67	Fiba Emeklilik ve Hayat A.Ş. Perform Portföy Değişken Emeklilik Yatırım Fonu
68	Fiba Emeklilik ve Hayat A.Ş. Qinvest Portföy Değişken Emeklilik Yatırım Fonu
69	Fiba Emeklilik ve Hayat A.Ş. Standart Emeklilik Yatırım Fonu
70	Fiba Emeklilik ve Hayat A.Ş. Tacirler Portföy Değişken Emeklilik Yatırım Fonu
	<i>Fiba Portföy Yönetimi A.Ş. Fonları</i>
71	Fiba Portföy Yönetimi A.Ş. Altın Fonu
72	Fiba Portföy Yönetimi A.Ş. Borçlanma Araçları Fonu
73	Fiba Portföy Yönetimi A.Ş. Çoklu Varlık Birinci Değişken Fon
74	Fiba Portföy Yönetimi A.Ş. Değişken Fon
75	Fiba Portföy Yönetimi A.Ş. Eurobond Borçlanma Araçları (Döviz) Fonu
76	Fiba Portföy Yönetimi A.Ş. Hisse Senedi Fonu(Hisse Senedi Yoğun Fon)
77	Fiba Portföy Yönetimi A.Ş. Kısa Vadeli Borçlanma Araçları Fonu
78	Fiba Portföy Yönetimi A.Ş. Para Piyasası Fonu
79	Fiba Portföy Yönetimi A.Ş. Serbest (Döviz) Fon
80	Fiba Portföy Yönetimi A.Ş. Şekerbank Kısa Vadeli Boçlanma Araçları Fonu
81	Fiba Portföy Yönetimi A.Ş. Şekerbank Para Piyasası Fonu
	<i>Garanti Emeklilik ve Hayat A.Ş. Yatırım Fonları</i>
82	Garanti Emeklilik ve Hayat A.Ş. Altın Emeklilik Yatırım Fonu
83	Garanti Emeklilik ve Hayat A.Ş. Borçlanma Araç. Grup Emeklilik Yatırım Fonu
84	Garanti Emeklilik ve Hayat A.Ş. Borçlanma Araçları Emeklilik Yatırım Fonu
85	Garanti Emeklilik ve Hayat A.Ş. Değişken Emeklilik Yatırım Fonu
86	Garanti Emeklilik ve Hayat A.Ş. Dengeli Değişken Emeklilik Yatırım Fonu
87	Garanti Emeklilik ve Hayat A.Ş. Dengeli Değişken Grup Emeklilik Yatırım Fonu
88	Garanti Emeklilik ve Hayat A.Ş. Dinamik Değişken Emeklilik Yatırım Fonu
89	Garanti Emeklilik ve Hayat A.Ş. Dış Borçlanma Araçları Grup Emeklilik Yatırım Fonu
90	Garanti Emeklilik ve Hayat A.Ş. Hisse Senedi Emeklilik Yatırım Fonu
91	Garanti Emeklilik ve Hayat A.Ş. Hisse Senedi Grup Emeklilik Yatırım Fonu
92	Garanti Emeklilik ve Hayat A.Ş. Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu
93	Garanti Emeklilik ve Hayat A.Ş. Katılım Dinamik Değişken Emeklilik Yatırım Fonu
94	Garanti Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu
95	Garanti Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu

96	Garanti Emeklilik ve Hayat A.Ş. OKS Agresif Değişken Emeklilik Yatırım Fonu
97	Garanti Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu
98	Garanti Emeklilik ve Hayat A.Ş. OKS Dengeli Değişken Emeklilik Yatırım. Fonu
99	Garanti Emeklilik ve Hayat A.Ş. OKS Dengeli Katılım Değişken Emeklilik Fonu
100	Garanti Emeklilik ve Hayat A.Ş. OKS Dinamik Değişken Emeklilik Fonu
101	Garanti Emeklilik ve Hayat A.Ş. OKS Dinamik Katılım Değişken Emeklilik Yatırım Fonu
102	Garanti Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu
103	Garanti Emeklilik ve Hayat A.Ş. OKS Standart Emeklilik Yatırım Fonu
104	Garanti Emeklilik ve Hayat A.Ş. OKS Temkinli Değişken Emeklilik Yatırım Fonu
105	Garanti Emeklilik ve Hayat A.Ş. Oks Temkinli Katılım Değişken Emeklilik Yatırım Fonu
106	Garanti Emeklilik ve Hayat A.Ş. Özel Sektör Borçlanma Araçları Emeklilik Yatırım Fonu
107	Garanti Emeklilik ve Hayat A.Ş. Para Piyasası Emeklilik Yatırım Fonu
108	Garanti Emeklilik ve Hayat A.Ş. Standart Emeklilik Yatırım Fonu
109	Garanti Emeklilik ve Hayat A.Ş. Sürdürülebilir Hisse Senedi Emeklilik Yatırım Fonu
110	Garanti Emeklilik ve Hayat A.Ş. Temkinli Değişken Emeklilik Yatırım Fonu
111	Garanti Emeklilik ve Hayat A.Ş. Uzun Vadeli Kamu Borçlanma Araçları Emeklilik Yatırım Fonu
	<i>Garanti Portföy Yönetimi A.Ş. Yatırım Fonları</i>
112	Garanti Portföy Yönetimi A.Ş. Altın Fonu
113	Garanti Portföy Yönetimi A.Ş. Birinci Değişken Fon
114	Garanti Portföy Yönetimi A.Ş. Birinci Katılım Fonu
115	Garanti Portföy Yönetimi A.Ş. Birinci Para Piyasası Fonu
116	Garanti Portföy Yönetimi A.Ş. Birinci Serbest Özel Fonu
117	Garanti Portföy Yönetimi A.Ş. BIST30 Endeksi Hisse Senedi Yoğun Fon
118	Garanti Portföy Yönetimi A.Ş. Borçlanma Araçları Fonu
119	Garanti Portföy Yönetimi A.Ş. Dördüncü Değişken Fon
120	Garanti Portföy Yönetimi A.Ş. Eurobond Borçlanma Araçları Döviz Fonu
121	Garanti Portföy Yönetimi A.Ş. Hisse Senedi Yoğun Fon
122	Garanti Portföy Yönetimi A.Ş. İkinci Değişken Fon
123	Garanti Portföy Yönetimi A.Ş. İkinci Fon Sepeti Fonu
124	Garanti Portföy Yönetimi A.Ş. İkinci Para Piyasası Fonu
125	Garanti Portföy Yönetimi A.Ş. İkinci Serbest Döviz Fon
126	Garanti Portföy Yönetimi A.Ş. ING Bank Özel Bankacılık ve Platinum Değişken Özel Fon
127	Garanti Portföy Yönetimi A.Ş. Kısa Vadeli Borçlanma Araçları Fonu
128	Garanti Portföy Yönetimi A.Ş. Mutlak Getiri Hedefli Değişken Fon
129	Garanti Portföy Yönetimi A.Ş. ÖPY Serbest Özel Fon
130	Garanti Portföy Yönetimi A.Ş. Üçüncü Değişken Fon
131	Garanti Portföy Yönetimi A.Ş. Üçüncü Serbest Döviz Fon
132	Garanti Portföy Yönetimi A.Ş. Yabancı Gelişmekte Olan Ülkeler Hisse BYF Fon Sepeti Fonu
	<i>ICBC Turkey Portföy Yönetimi A.Ş. Yatırım Fonları</i>
133	ICBC Turkey Portföy Yönetimi A.Ş. Altın Fonu
134	ICBC Turkey Portföy Yönetimi A.Ş. Birinci Değişken Fon
135	ICBC Turkey Portföy Yönetimi A.Ş. Hisse Senedi Fonu
136	ICBC Turkey Portföy Yönetimi A.Ş. İkinci Değişken Fon
137	ICBC Turkey Portföy Yönetimi A.Ş. Piyasası Fonu
	<i>Metlife Emeklilik ve Hayat A.Ş. Fonları</i>
136	Metlife Emeklilik ve Hayat A.Ş. Başlangıç Emeklilik Yatırım Fonu
137	Metlife Emeklilik ve Hayat A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu
138	Metlife Emeklilik ve Hayat A.Ş. Katılım Standart Emeklilik Yatırım Fonu
139	Metlife Emeklilik ve Hayat A.Ş. Katılım Katkı Emeklilik Yatırım Fonu
140	Metlife Emeklilik ve Hayat A.Ş. Katkı Emeklilik Yatırım Fonu
141	Metlife Emeklilik ve Hayat A.Ş. OKS Agresif Değişken Emeklilik Yatırım Fonu

142	Metlife Emeklilik ve Hayat A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu
143	Metlife Emeklilik ve Hayat A.Ş. OKS Atak Değişken Emeklilik Yatırım Fonu
144	Metlife Emeklilik ve Hayat A.Ş. OKS Atak Katılım Değişken Emeklilik Yatırım Fonu
145	Metlife Emeklilik ve Hayat A.Ş. OKS Dengeli Değişken Emeklilik Yatırım Fonu
146	Metlife Emeklilik ve Hayat A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu
147	Metlife Emeklilik ve Hayat A.Ş. OKS Standart Emeklilik Yatırım Fonu
148	Metlife Emeklilik ve Hayat A.Ş. OKS Temkinli Değişken Emeklilik Yatırım Fonu
	<i>Mükafat Portföy Yönetimi A.Ş. Fonları</i>
149	Mükafat Portföy Yönetimi A.Ş. Katılım Aktif Serbest (Döviz) Fonu
150	Mükafat Portföy Yönetimi A.Ş. Katılım Hisse Senedi Fonu(Hisse Senedi Yoğun Fon)
151	Mükafat Portföy Yönetimi A.Ş. Kira Sertifikası Katılım Fonu
152	Mükafat Portföy Yönetimi A.Ş. Kısa Vadeli Kira Sertifikası Katılım Fonu
153	Mükafat Portföy Yönetimi A.Ş. Birinci Akaryakıt Sektörü Gayrimenkul Yatırım Fonu
154	Mükafat Portföy Yönetimi A.Ş. Buket Girişim Sermayesi Yatırım Fonu
155	Mükafat Portföy Yönetimi A.Ş. Ataşehir Metropol Gayrimenkul Yatırım Fonu
156	Mükafat Portföy Yönetimi A.Ş. Yaprak Yenilenebilir Enerji Girişim Sermayesi Yatırım Fonu
	<i>Türkiye Kalkınma ve Yatırım Bankası A.Ş. Fonları</i>
157	Türkiye Kalkınma ve Yatırım Bankası A.Ş. İkinci Varlık Finansmanı Fonu
	<i>Ziraat Hayat ve Emeklilik A.Ş. Yatırım Fonları</i>
158	Ziraat Hayat ve Emeklilik A.Ş. Altın Katılım Emeklilik Yatırım Fonu
159	Ziraat Hayat ve Emeklilik A.Ş. Başlangıç Emeklilik Yatırım Fonu
160	Ziraat Hayat ve Emeklilik A.Ş. Başlangıç Katılım Emeklilik Yatırım Fonu
161	Ziraat Hayat ve Emeklilik A.Ş. Değişken Emeklilik Yatırım Fonu
162	Ziraat Hayat ve Emeklilik A.Ş. Hisse Senedi Emeklilik Yatırım Fonu
163	Ziraat Hayat ve Emeklilik A.Ş. Kamu Borçlanma Araçları Emeklilik Yatırım Fonu
164	Ziraat Hayat ve Emeklilik A.Ş. Kamu Dış Borçlanma Araçları Emeklilik Yatırım Fonu
165	Ziraat Hayat ve Emeklilik A.Ş. Katılım Değişken Emeklilik Yatırım Fonu
166	Ziraat Hayat ve Emeklilik A.Ş. Katılım Katkı Emeklilik Yatırım Fonu
167	Ziraat Hayat ve Emeklilik A.Ş. Katılım Standart Emeklilik Yatırım Fonu
168	Ziraat Hayat ve Emeklilik A.Ş. Katkı Emeklilik Yatırım Fonu
169	Ziraat Hayat ve Emeklilik A.Ş. OKS Agresif Değişken Emeklilik Yatırım Fonu
170	Ziraat Hayat ve Emeklilik A.Ş. OKS Agresif Katılım Değişken Emeklilik Yatırım Fonu
171	Ziraat Hayat ve Emeklilik A.Ş. OKS Atak Değişken Emeklilik Yatırım Fonu
172	Ziraat Hayat ve Emeklilik A.Ş. OKS Atak Katılım Değişken Emeklilik Yatırım Fonu
173	Ziraat Hayat ve Emeklilik A.Ş. OKS Dengeli Değişken Emeklilik Yatırım Fonu
174	Ziraat Hayat ve Emeklilik A.Ş. OKS Katılım Standart Emeklilik Yatırım Fonu
175	Ziraat Hayat ve Emeklilik A.Ş. OKS Standart Emeklilik Yatırım Fonu
176	Ziraat Hayat ve Emeklilik A.Ş. OKS Temkinli Değişken Emeklilik Yatırım Fonu
177	Ziraat Hayat ve Emeklilik A.Ş. Para Piyasası Emeklilik Yatırım Fonu
178	Ziraat Hayat ve Emeklilik A.Ş. Standart Emeklilik Yatırım Fonu
	<i>Ziraat Portföy Yönetimi A.Ş. Yatırım Fonları</i>
179	Ziraat Portföy Yönetimi A.Ş. Altın Katılım Fonu
180	Ziraat Portföy Yönetimi A.Ş. BIST 30 Endeksi Hisse Senedi Fonu
181	Ziraat Portföy Yönetimi A.Ş. Borçlanma Araçları Fonu
182	Ziraat Portföy Yönetimi A.Ş. Büyüyen Çocuklara Yönelik Değişken Özel Fon
183	Ziraat Portföy Yönetimi A.Ş. Fon Sepeti Fonu
184	Ziraat Portföy Yönetimi A.Ş. Halkbank Kısa Vadeli Borçlanma Araçları Fonu
185	Ziraat Portföy Yönetimi A.Ş. Halkbank Kısa Vadeli Kira Sertifikası Katılım Fonu
186	Ziraat Portföy Yönetimi A.Ş. Halkbank Para Piyasası Fonu
187	Ziraat Portföy Yönetimi A.Ş. Hedef Serbest Özel Fon
188	Ziraat Portföy Yönetimi A.Ş. Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)

189	Ziraat Portföy Yönetimi A.Ş. İkinci Değişken Fon
190	Ziraat Portföy Yönetimi A.Ş. Katılım Endeksi Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)
191	Ziraat Portföy Yönetimi A.Ş. Katılım Fonu
192	Ziraat Portföy Yönetimi A.Ş. Katılım Fonu (Döviz)
193	Ziraat Portföy Yönetimi A.Ş. Kira Sertifikalari (Sukuk) Katılım Fonu
194	Ziraat Portföy Yönetimi A.Ş. Kısa Vadeli Borçlanma Araçları Fonu
195	Ziraat Portföy Yönetimi A.Ş. Kısa Vadeli Kira Sertifikalari Katılım Fonu
196	Ziraat Portföy Yönetimi A.Ş. Orta Vadeli Borçlanma Araçları Fonu
197	Ziraat Portföy Yönetimi A.Ş. Özel Sektör Borçlanma Araçları Fonu
198	Ziraat Portföy Yönetimi A.Ş. Para Piyasası Fonu
199	Ziraat Portföy Yönetimi A.Ş. Serbest Fon
200	Ziraat Portföy Yönetimi A.Ş. Temettü Ödeyen Şirketler Hisse Senedi Fonu(Hisse Senedi Yoğun Fon)
201	Ziraat Portföy Yönetimi A.Ş. Vakıfbank Kısa Vadeli Borçlanma Araçları Fonu
202	Ziraat Portföy Yönetimi A.Ş. Vakıfbank Para Piyasası Fonu

Appendix 3. KPMG's 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 KPMG Turkey



Murat Alsan
Senior Partner,
KPMG Turkey
Chairman

Murat Alsan joined KPMG in 1995. He has been a partner within KPMG for 14 years and has served on our board for 9 years. He was elected as Senior Partner in January 2017.



Nesrin Tuncer
Partner,
Head of Audit

Nesrin Tuncer joined KPMG in 1994. She has been a partner within KPMG for 14 years and has served on our board for 7 years. She was appointed Head of Audit in January 2017.



Orhan Akova
Partner,
Head of Quality and
Risk Management

Orhan Akova joined KPMG in 1998. He has been a partner within KPMG for 9 years. He was appointed Quality and Risk Management Partner in January 2017.

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