



Corporate Governance Compliance Rating Report



Global Yatırım Holding A.Ş.

25 November 2016

Validity Period : 25.11.2016-25.11.2017

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for Global Yatırım Holding Anonim Şirketi A.Ş. is compiled;

In accordance with the criteria stated in CMB's Corporate Governance Communiqué, no II-17.1, published in the Official Gazette edition 28871 on 03.01.2014; as well as the CMB's board decision taken at the Board meeting on 01.02.2013, no 4 / 105.

The criteria, established for the companies whose shares are traded at BIST, are organized separately as First Group, Second Group and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of directive no II-17,1 issued on Official Gazette no 28871, dated January 3, 2014.

The Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 53 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. has formulated its Ethical Rules according to the Banking Act, the CMB and BRSA Directives on the Operations of Rating Companies, generally accepted ethical rules of the IOSCO and OECD including generally accepted ethical customs, which is shared with the public through its Internet website (www.kobirate.com.tr).

Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. formed accordingly to the methodology disclosed.

The rating grade does not constitute a recommendation to purchase, to hold or to dispose any kind of borrowing instrument. KOBIRATE A.Ş. may not be held liable for any losses incurred or investments made to the company referring to this report.

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GLOBAL YATIRIM HOLDİNG A.Ş.

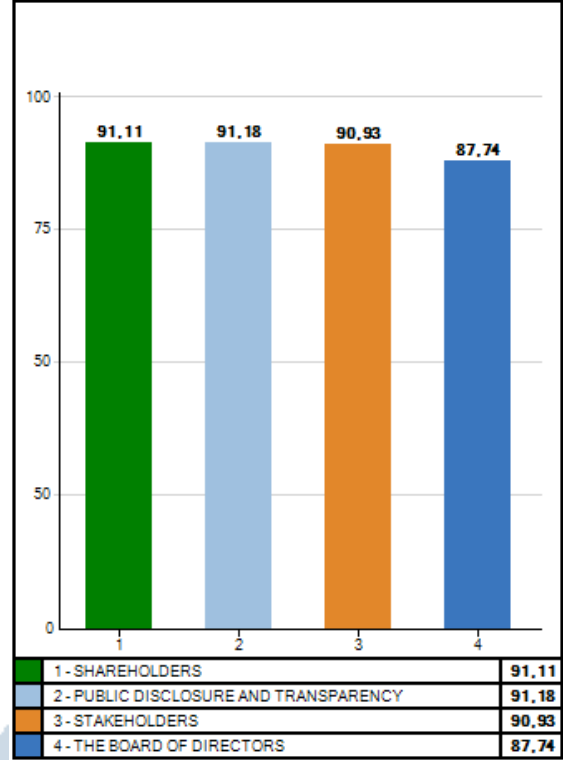
CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE

8.99

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RATING SUMMARY

The process of rating of compliance of **GLOBAL YATIRIM HOLDİNG A.Ş.** with the Corporate Governance Principles is concluded in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.S., through onsite examinations of the documents, interviews held with executives and persons involved, and of other reviews, according to the CMB's Corporate Governance Principles directive no II-17,1 issued on Official Gazette no 28871, dated January 3, 2014.

At the end of examination of 399 criteria under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors as specified in the CMB's Corporate Governance Principles and the methodology of Kobirate A.S., developed for "Third Group Companies of the BIST, the Corporate Governance

Compliance Rating Grade of **GLOBAL YATIRIM HOLDİNG A.Ş. (GYH)** is determined as **8.99**. This result signifies that the company has achieved a considerable compliance with the CMB's Corporate Governance Principles; the result also expresses a need for some improvements corporate governance practices while it doesn't pose major risks. The company deserves to continue to be included in the BIST Corporate Governance Index.

Since 2011, GYH has been receiving rating services for compliance with Corporate Governance Principles and working to ensure that company practices are in compliance with principles at the best level.

In view of rating process under main headings in brief;

It is seen that **GYH** has obtained a grade of **91.11** in respect to Shareholders' Section.

It is observed that the company has achieved a general compliance with the CMB Corporate Governance Principles in this section. The existence of Investor Relation Department that keeps healthy relations with shareholders, timely and duly convention of general assemblies and their proper invitations, establishment of a dividend policy and its disclosure to public, non existence of restrictions on transfer of shares are salient positive achievements. In accordance with CMB Directive no II.17-1, the Manager of s Relation Department is appointed as Corporate Governance Committee member.

It has been deemed positive that **GYH**, who gained **91.18** for Public Disclosure and Transparency, has developed its disclosure policy and shared it with public and provided access to several current data on the corporate internet website, which are specified in the principles and might be needed by the s.

Despite the fact that it misses certain elements in terms of compliance with the principles, it has been found that the annual report provides comprehensive information for stakeholders on company's operations.

The company has reached the grade of **90.93** in the Stakeholders' Section.

A human resources policy has been established; regulations made and disclosed to the employees dealing with recruitment, job descriptions, performance appraisal, promotion, awarding, leave and social benefits.

The company has prepared compensation policies for employees based on current labor laws and disclosed them to public on its corporate internet website.

Ethical Business Rules are set forth and introduced to employees to act pursuant to such rules.

The Company is on the BIST Sustainability Index.

As for the Board of Directors Section, the Company's grade is **87.74**.

It has been confirmed that the Board has set company's strategic goals, supervises performance of company management, pays further attention to the company affairs to be in compliance with the legislation, the Articles and internal regulations.

The Board convenes regularly and procedures for meetings are incorporated in both the Articles of Association and internal directives.

It has been observed that Audit, Corporate Governance and Early Detection of Risk Committees have been established as referred to in the Principles and their working principles have been prepared. Committees conducted their activities within the period in accordance with these principles.

There are also other important indications of compliance with the Principles such as the fact that Board comprises adequate amount of non-executive members and two (2) independent members, and that guidelines for remuneration of top executives have been set forth and presented to the shareholders at the general assembly meeting as a separate item of agenda.

The posts of Chairman of the Board and General Manager are being held by same person. The reason for this is explained in the annual report. (*)

(*) The reason will be given in detailed explanation of the section.

2. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system which audits whether or not the firm's management structures and management styles, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with the modern corporate governance principles and which assigns a grade corresponding to the existing situation.

Organization for Economic Co-operation and Development (OECD) established a working group in 1998 in order to assess member countries' opinions on corporate governance and to prepare some non – binding principles.

The fact that principles are open to change in time was also accepted at this work. Although at first these principles were focused on the companies whose shares were quoted in stock exchange, it was emphasized by OECD that it would be also useful to implement these principles in public enterprises and companies whose shares were not quoted in stock exchange.

In 1999, OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers and published. Since then, these principles have been regarded as international references for the decision – makers, investors, shareholders, companies and stakeholders throughout the world.

Since their approval, these principles kept the concept of corporate governance on the agenda and became guidelines for the laws and regulations in OECD members, as well as other countries.

There are four basic principles of corporate governance in OECD Corporate Governance Principles. These are: fairness, transparency, accountability and responsibility.

Turkey has been closely monitoring these developments. A working group, established within TUSIAD in 2001, prepared the guide, titled, "Corporate governance: The best implementation code". Then CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014, according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "implement or disclose", and to declare it became part of companies' lives in 2004. Putting the Declaration of Compliance to Corporate Governance in the annual reports became obligatory the following year.

The principles are grouped under four main headings namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors.

The Corporate Governance Compliance Rating Methodology has been prepared by Kobirate A.Ş. for companies whose shares are traded on BIST, banks, investment partnerships and non – quoted companies.

The methodology takes into consideration the criteria stated in CMB's Corporate Governance Directive, no II-17.1, dated January 3rd 2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

In this analysis, the full compliance of work flow and analysis technique with Kobirate A.Ş.'s Ethical Rules is considered.

In the process of rating, **399** different criteria are considered to measure the compliance of BIST third group firms with the corporate governance principles.

Such criteria are translated into the Kobirate A.S.'s unique Corporate Governance Rating Questionnaire.

According to CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, the following rates are applied in the new Corporate Governance Compliance Rating:

Shareholders 25 %

Public Disclosure and Transparency 25 %

Stakeholders 15 %

Board of Directors 35 %

CMB has sent its notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452, on CMB decision dated 01.02.2013 and numbered 4/105 to our company, which required adding new questions into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements of CMB issued good corporate governance principles – bringing 85 % of full points at most – will be included in the rating grade.

The 2014/2 revised corporate governance compliance rating methodology, created by our company, is restricted if the minimum conditions of corporate governance principles – declared in CMB notification of Corporate Governance dated 03.01.2014 – are met and all criteria is evaluated within same category. In this case all criteria are restricted to 85 % of the full points that the related criterion would get in that subsection. As the company applies and internalize the criteria stated in corporate governance principles and our company finds out other good corporate governance criteria complied and practiced by the company; our rating system completes the section ratings to 100.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, "10" points mean excellent, full compliance with CMB's Corporate Governance Principles while grade "0" means that there is unsatisfactory compliance with CMB's Corporate Governance Principles in the existing structure.

In this report the following legends have the following meanings:

✓ Due / Correct Application of CMB's Corporate Governance Principles

* Improper / Erroneous Application of CMB's Corporate Governance principles

✓/* Practices required to be improved in compliance with CMB's Corporate Governance Principles.

3. COMPANY PROFILE



Company Name	: Global Yatırım Holding Anonim Şirketi
Company Address	: Rihtım Caddesi No: 51 Karaköy 34425 İSTANBUL
Company Phone	: (0212) 2446000
Company Facsimile	: (0212) 2446161
Company Website	: www.globalyatirim.com.tr
Date of Incorporation	: 01/06/1990
Registered Number	: İstanbul 265814
Paid in Capital	: 193,500,000.00 TL
Line of Business	: Investment Holding
Company's Sector	: Port management, energy, real estate, non – bank financial services

Company's Representatives in Charge of Rating:

Aslı Gülhan SU ATA

Investor Relations Director

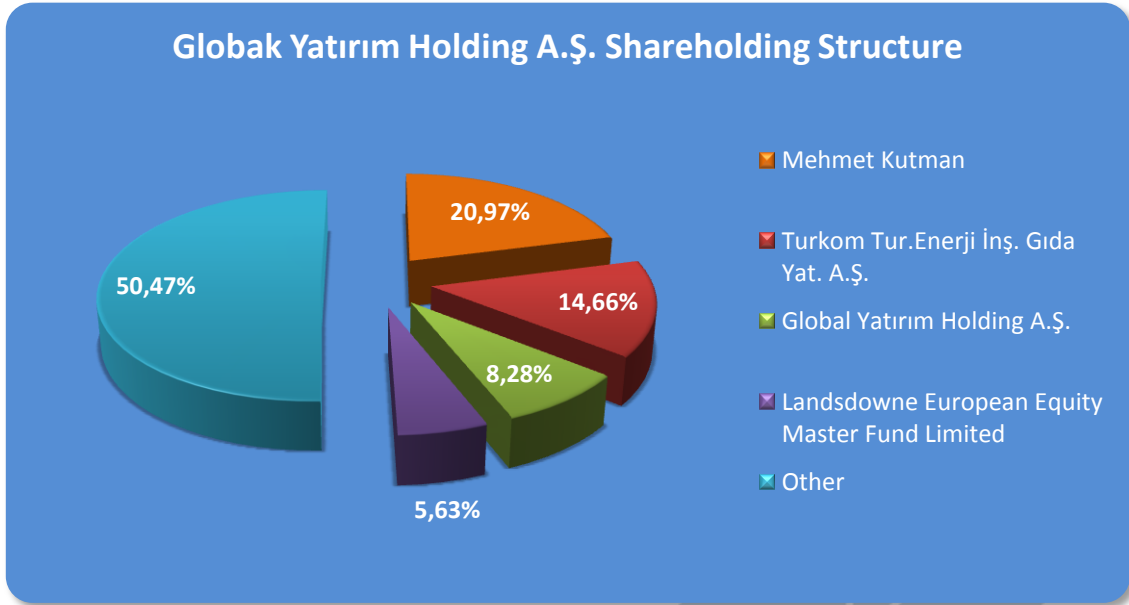
Begüm DÖŞLÜOĞLU

Investor Relations Specialist

begumd@global.com.tr

(0212) 2446000-1464

Shareholding Structure (As of 15.11.2016)



Source : www.kap.gov.tr

Shareholder Name	Share(TL)	%
Mehmet Kutman	40.578.882,86	20,97
Turkom Tur.Enerji İnş. Gıda Yat. A.Ş.	28.363.438,00	14,66
Global Yatırım Holding A.Ş.	16.017.730,49	8,28
Landsdowne European Equity Master Fund Limited	10.890.439,00	5,63
Other	97.649.509,65	50,47
Total	193.500.000,00	100,00

Source: www.kap.gov.tr

Company Board of Directors

Name/ Surname	Title	Executive/ Non Executive
Mehmet KUTMAN	Chairman	EXECUTIVE
Erol GÖKER	Deputy Chairman	EXECUTIVE
Ayşegül BENSEL	Member	NON - EXECUTIVE
Serdar KIRMAZ	Member	EXECUTIVE
Adnan NAS	Member	NON - EXECUTIVE
Jerome BAYLE	Member - Independent	NON - EXECUTIVE
Oğuz SATICI	Member - Independent	NON - EXECUTIVE

Top Management

Name/ Surname	Title
Mehmet KUTMAN	General Manager
Göknil AKÇA	Human Resources Director
Aslı Gülhan SU ATA	Investor Relations Director
Uğur AYDIN	Chief Legal Advisor
Murat ENGİN	IT Director
Mehmet Ali DENİZ	Strategic Planning and Company Merger and Acquisition Director
Mehmet Kerem ESER	Financial Affairs and Finance Group President
Çağrı KUTLU	Treasury Director

COMMITTEES FORMED WITHIN THE BOARD

AUDIT COMMITTEE

Member Name/ Surname	Title
Oğuz Satıcı	Chairman / Independent Board Member
Jerome Bayle	Member / Independent Board Member

CORPORATE GOVERNANCE COMMITTEE

Member Name/ Surname	Title
Jerome BAYLE	Chairman / Independent Board Member
Ayşegül BENSEL	Member / Board Member
Adnan NAS	Member / Board Member
Aslı Gülhan SU ATA	Member / Investor Relations Department Director

EARLY RISK DETECTION COMMITTEE

Member Name/ Surname	Title
Jerome BAYLE	Chairman / Independent Board Member
Oğuz SATICI	Member / Independent Board Member
Adnan NAS	Member / Board Member

Balance-Sheet Comparison of Company's Certain Selected Items

	2015/12(000)	2016/09(000)	Change %
Total Assets	3.438.825	3.578.058	3,89
Short Term Liabilities	656.306	846.783	22,49
Long Term Liabilities	1.807.912	1.794.184	(0,76)
Paid in Capital	193.500	193.500	-
Equity	974.607	937.091	3,85

Source: www.kap.gov.tr Global Yatırım Holding A.Ş. Consolidated Financial 2016-3. 3 Months Declaration

Comparison of Profit / Loss Table of Company's Certain Selected Items of 3rd Q of last two years

	2015/09(000)	2016/09(000)	Change %
Sales	390.936	455.439	16,50
Gross Profit/Loss	138.042	178.154	29,06
Basic Operational Profit/Loss	32.950	44.037	27,59
Finance Spending	(190.339)	(133.369)	(29,93)
Period Profit/Loss	(59.013)	(53.807)	(8,82)

Source: www.kap.gov.tr Global Yatırım Holding A.Ş. Consolidated Financial 2016-3. 3 Months Declaration

Company's Subsidiaries

Title of Subsidiary	Business Line	Company's Share in Capital (%)	Nature of Relationship with the Company
Global Menkul Değerler A.Ş.	Intermediary Services	77,43	Subsidiary
Global Financial Products Ltd.	Financial Investments	100,00	Subsidiary
Global Sigorta Aracılık Hizmetleri A.Ş.	Insurance Agency	100,00	Subsidiary
Global Liman İşletmeleri A.Ş.	Port Management	89,16	Subsidiary
Mavi Bayrak Enerji Üretim San. Ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Salıpazarı İnşaat Taahhüt Bina Yönetim ve Servis Hizmetleri Sanayi ve Ticaret A.Ş.	Construction Investments	100,00	Subsidiary
Güney Madencilik İşletmeleri A.Ş.	Mining Operations	100,00	Subsidiary
Neptune Denizcilik Yatırımları ve İşletmeciliği A.Ş.	Marine Investments and Operations	100,00	Subsidiary
Tenera Enerji Tic. A.Ş.	Electricity and Natural Gas Trade	100,00	Subsidiary
Vespa Enterprises (Malta) Ltd.	Tourism Investments	99,93	Subsidiary
Ege Global Madencilik San. ve Tic. A.Ş.	Mining Investments	84,99	Subsidiary
Pera Gayrimenkul Yatırım Ortaklığı A.Ş.	Real Estate Investments	49,99	Subsidiary
Tora Yayıncılık A.Ş.	Publishing	100,00	Subsidiary
Global Enerji Hizmetleri ve İşletmeciliği A.Ş.	Electricity Production	100,00	Subsidiary
Dağören Enerji A.Ş.	Electricity Production	70,00	Subsidiary
Ege Liman İşletmeleri A.Ş.	Port Management	64,64	Subsidiary
Bodrum Yolcu Limanı İşletmeleri A.Ş.	Port Management	53,50	Subsidiary
Ortadoğu Antalya Liman İşletmeleri A.Ş.	Port Management	89,16	Subsidiary
Sem Yayıncılık A.Ş.	Publishing	65,00	Subsidiary
Maya Turizm Ltd.	Tourism Investments	74,96	Subsidiary
Galata Enerji Üretim San. ve Tic. A.Ş.	Electricity Production	84,99	Subsidiary

Title of Subsidiary	Business Line	Company's Share in Capital (%)	Nature of Relationship with the Company
Doğal Enerji Hizmetleri ve İşletmeciliği A.Ş.	Electricity Production	100,00	Subsidiary
Global Depolama A.Ş.	Warehousing	100,00	Subsidiary
Sümerpark Gıda İşletmeciliği A.Ş.	Food Management	100,00	Subsidiary
Randa Denizcilik San. ve Tic. Ltd. Şti.	Marine Vessels Equipment Trade	99,99	Subsidiary
Ra Güneş Enerjisi Üretim San. ve Tic. A.Ş.	Electricity Production	75,00	Subsidiary
Tres Enerji Hizmetleri Sanayi ve Ticaret A.Ş.	Energy Production	75,00	Subsidiary
Straton Maden Yatırımları ve İşletmeciliği A.Ş.	Mining Operations	75,00	Subsidiary
Adonia Shipping Limited	Shipping Operations	100,00	Subsidiary
Naturel gaz Sanayi ve Tic. A.Ş.	Compressed Natural Gas Sales	80,00	Subsidiary
Container Terminal and General Cargo Bar	Port Management	55,36	Subsidiary
Global Ports Europe B.V	Port Investments	89,16	Subsidiary
Cruceros Malaga, SA	Port Management	44,22	Subsidiary
Global Ports Melita	Port Investments	89,16	Subsidiary
Perquisite Holdings Ltd.	Port Investments	89,16	Subsidiary
Geliş Madencilik Enerji İnşaat Ticaret A.Ş.	Mining Operations	85,00	Subsidiary
Global Gemicilik ve Nakliyat Hizmetleri A.Ş.	Marine Investments and Management	90,00	Subsidiary
Creuers del Port de Barcelona, S.A.	Port Management	55,28	Subsidiary
Barcelona Port Investments, S.L	Port Management	55,28	Subsidiary
Consus Enerji İşletmeciliği ve Hizmetleri A.Ş.	Energy Production	100,00	Subsidiary
16Global Ticari Emlak Yatırımları A.Ş.	Real Estate Investments	100,00	Subsidiary
Vinte Nova	Financial Investments	100,00	Subsidiary
Valetta Cruise Port PLC ("VCP")	Port Management	49,57	Subsidiary
Mavi Bayrak Doğu	Energy Production	100,00	Subsidiary
Edusa 1 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Edusa 2 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Edusa 3 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Edusa 4 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Morita 1 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Morita 2 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Morita 3 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Morita 4 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary

Title of Subsidiary	Business Line	Company's Share in Capital (%)	Nature of Relationship with the Company
Sentinus 1 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Sentinus 2 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Sentinus 3 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Sentinus 4 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Taranis 1 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Taranis 2 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Taranis 3 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Taranis 4 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Vipasana 1 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Vipasana 2 Enerji Sanayi ve Tic. A.Ş.	Energy Production	100,00	Subsidiary
Ravi Güneş Enerjisi Üretim ve Sanayi Tic. A.Ş.	Energy Production	100,00	Subsidiary
Global MD Portföy Yönetimi A.Ş.	Portfolio Management	77,43	Subsidiary
Actus Portföy Yönetimi A.Ş.	Portfolio Management	90,10	Subsidiary
Aristaeus Limited	Financial Investment	100,00	Subsidiary
IEG Kurumsal Finansman Danışmanlık A.Ş.	Corporate Financial Consultancy	38,72	Affiliated Company
Lisbon Cruise Terminals	Port Management	41,19	Affiliated Company
Singapur Limanı	Port Management	22,11	Affiliated Company

Source: www.kap.gov.tr

The Bottom and Peak Closing Values of Company's Shares traded on the BIST during last Year

<i>Bottom</i>	<i>Peak</i>
1,43 (24/06/2016)	1,77 (04/10/2016)

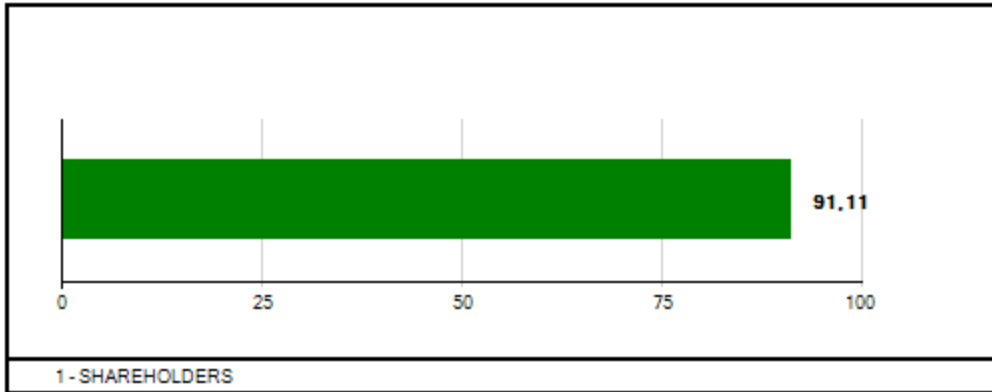
Source: GYH Investor Relations Unit

Markets where the Capital Market Instrument is Quoted and Indexes that the Company Participates

-BIST FINANCIAL / BIST Istanbul / BIST ALL / BIST CORPORATE GOVERNANCE / BIST HOLDING AND INVESTMENT / BIST 100-30 / BIST SUSTAINABILITY INDEX / BIST 100 / BIST STAR

Source: www.kap.gov.tr

4. RATING SECTIONS A. SHAREHOLDERS



Overview

- ✓ A department has been established to continue relations with shareholders on a healthy basis.
- ✓ General Assemblies are held in accordance with regulations and Articles of Association.
- ✓ Donations and Aid policies of the company have been prepared, presented for the approval of the General Assembly and disclosed to public.
- ✓ Shareholders have been informed about aids and donations provided in the period at the general assembly meeting.
- ✓ There are no regulations that make exercising voting rights difficult.
- ✓ Dividend policy has been established, presented for the approval of the General Assembly and disclosed to public.
- ✓ There is a regulation in the Articles of Association allowing for dividend advance.
- ✓ There is no restriction on transfer of shares.
- ✓/* Adding an item on the Articles of Association, stating that general assembly meetings are open to public would be appropriate.
- ✓/* Adding a provision to the Articles of Association to widen minority rights

- ✓/* Adding a provision to the Articles of Association to widen minority rights and extend these rights to those who have less than 1 / 20 of the capital would be appropriate.

- * The invitation and information document does not give the information that general assembly meetings are open to public.

In this section, as stated CMB's Corporate Governance Principles, the company was evaluated on 115 different criteria, including **Facilitating Exercise of Shareholders Rights**, shareholders' Right to **Obtain and Examine Information**, shareholders' right to **Attend the General Assembly**, shareholders' **Voting Right**, shareholders' **Minority Rights**, shareholders' **Dividend Rights** and shareholders' right to **Transfer Shares** to whomever they want, whenever they want. The company's grade for this section is **91.11**.

a. Facilitating Exercise of Shareholders Rights

Operations involving Relations with the Shareholders are performed by the Investors Relations Department. The Department directly reports to the General Manager. The Department, which comprises Aslı Gülhan SU

ATA (Investor Relations Director)(CMB Corporate Governance Rating License No: 700378 ve CMB Advanced Level License No: 204010), Begüm DÖŞLÜOĞLU (Senior Specialist) and Esra GÜNDÜZ (Assistant Specialist), operates in close cooperation with GYH Law Department and Corporate Governance Committee.

In order to achieve compliance to CMB's Corporate Governance Communiqué, No II-17.1, Investor Relations Department Director Aslı Gülhan SU ATA was appointed to the Corporate Governance Committee as a member. The appointment was disclosed to public with a Special Case Statement on 17.09.2015.

It has been found that aforementioned people have adequate qualifications in terms of knowledge and experience required for the task and that they play an effective role in protection and facilitation of shareholders' rights, starting with the right to obtain and review information.

It has been determined that the Investor Relations Department reports regularly once a year to the Board of Directors. It has also been learned that the Investor Relations Department gives regular briefings once a week to the Board of Directors.

Any data that might affect the exercise of shareholders' rights are currently at disposal of shareholders on the corporate Internet website.

GYH policies in this subsection are in compliance with corporate governance principles.

b. Right to Obtain and Examine Information

The information required for the proper exercise of shareholders' rights are presented to the shareholders and the company's web site (www.globalyatirim.com.tr) is used efficiently to this end.

It has been learned that inquiries of shareholders - through phone and / or other means of communications - have been responded in the shortest time and sufficient care has been given for them to exercise their right to obtain and review information.

The "Disclosure Policy", approved by the board, appears on the website; shareholders' right to obtain and review information is explained in detail under the aforementioned policy.

There is no regulation and practice at shareholders' right to obtain and review information to be cancelled or constrained by the Articles and/or a decision by any department.

Although there are no regulations and practices to make it difficult for shareholders' to exercise their right to demand appointment of a special auditor in the general assembly; there is no provision in the Articles of Association on the use of this right.

c. General Assembly

Thanks to its policies in this process, GYH has achieved compliance with many of the principles hereunder.

Ordinary general assembly meeting to discuss operations of 2015 took place on 23.06.2016. It has been seen that the announcement for the meeting was made through Company's statement on Public Disclosure Platform and through its website three weeks before the meeting.

It has been also found that financial tables, annual report, audit reports and Board's dividend proposal, all of which should be ready for the review of shareholders according to article 437 of Turkish Commercial Law no 6102 and other announcements that partnership should make in accordance with regulations and Corporate Governance Principles have been shared with shareholders three weeks before the General Assembly.

General assembly meetings are held at the company's head office, avoiding inequalities among shareholders and enabling them to participate with minimum costs.

It has been determined that during the preparation of agenda, headings were expressed clearly in order to avoid different interpretations and care has been given not to use words such as "other" or "various".

It has been seen that the information document about general assembly included operational details about the company and its subsidiaries.

Upon the examination of meeting minutes and attendance records, it has been determined that 1 Board Member, Chief Legal Adviser, Holding Lawyer, managers of some subsidiaries and officers responsible for preparing financial tables were available at the meeting. It was also found out that the items on the agenda were separately voted and the results were shared with shareholders before the closure of the meeting. It was noted that the chairman of the meeting has taken great care to have the issues of the agenda expressed objectively, comprehensively, clearly and simply. Shareholders were able to express their opinions and ask questions under equal conditions.

It was seen that the chairman of the meeting let all the questions of shareholders to be answered, except those that are accepted as commercial secret.

Allowing majority shareholders, board members, managers with administrative responsibilities their spouses and first and second degree relatives to have transactions that might cause conflict of interest with the company or its subsidiaries or to engage in commercial activities in the same business area with the company or its subsidiaries in their own name or on behalf of someone else or joining another company, who operates in the same business area, as unlimited partners was included in the general assembly agenda as a subject.

General Assembly was informed that company did not give guarantees, pledges, mortgages and bails or provide revenue or interest in favor of third persons, in accordance with CMB's Corporate Governance Communiqué No II-17.1. In another item, the general assembly was informed on amount of all aids and donations for that period.

It has been stated in the Articles of Association that general assembly meetings take place within three months of the end of every period. For the sake of compliance with principles and Articles of Association it would be appropriate to hold general assembly meetings within this time table.

Having the announcement and information document to state that general assembly meetings are open to public including stakeholders and media, without right to address the meeting, regulating this issue in the Articles of Association and informing shareholders about beneficiaries of aids and donations given in the period will further improve the compliance with principles.

d. Voting Right

Neither the Articles of Association nor internal procedures contain any difficulties to exercise the voting right and opportunity to exercise it in the easiest and most convenient manner is given to each shareholder.

It is possible for the shareholders' to exercise their voting right in person or by proxies, whether member or not at the general assembly meetings; the members are submitted with the specimen proxies to be used for this purpose at firm's headquarters and on corporate internet website.

There are four separate shareholder groups within the capital structure of the Holding. A, D and E group shares are privileged. C group and those shares that are open to public have no privileges. According to the 9th item of Articles of Association, the Board of Directors is made of seven (7) members and it is obligatory that two of them are elected from (A) Group, 1 from (D) Group and 1 from

among the candidates who are put forward by (E) Group. Although all shareholders have a right to put forward candidates for board membership, their candidacy should be approved by (A) Group shareholders before the election, in order for them to be elected as board members at the general assembly. Finally, yes votes of A Group stakeholders are necessary for some decisions that are referred by the Articles of Association.

e. Minority Rights

There has not been any violation of exercising minority shareholders' rights, such as attendance to the general meeting, representation by proxy, imposition of no upper limit for voting rights. In this manner it is found that care is given to the exercise of minority rights.

However, there is no regulation to widen the scope of minority rights in the articles and to include arrangements to give the same rights to shareholders with less than one twentieth of the capital.

f. Dividend Right

Pursuant to the criteria laid down by CMB directives and by the Turkish Commercial Law, the Company has prepared its Dividend Policy and disclosed it to public in the electronic environment. It has been determined that dividend policy contains the minimum data enabling the investors to foresee the procedure and guidelines for distribution of profit to be generated by the company in future periods.

The company's dividend policy includes profit distribution to the employees – in accordance with basic principles to be determined by the board - over the remaining profit after the allocation of 5 % legal primary reserve and first profit distribution, on the condition of staying under 10 % of balance sheet profit and it informs the shareholders that general assembly will be deciding for extraordinary reserves or second distribution of profit.

There are no privileges in the distribution of dividend. 21st Article of the Articles of Association states: "Existing shares will get dividends equally without the principle of per diem deduction".

The fact that the subject of paying "dividend advance" has already been regulated in the Articles of Association has been deemed positive.

According to consolidated financial statements of 2015 activities data, which were prepared in accordance with Capital Market Board regulations, the Company made TRY 118,090,333 profit in this period. After subtracting previous year losses on solo / legal financial statements, prepared in accordance with Tax Method Law and Turkish Commercial Law, there was a distributable period profit of TRY 21,423,651.61. General Assembly decided that 5 % of this profit would be allocated as Primary Reserve (in accordance with Turkish Commercial Law) and TRY 10,000,000 of remaining profit would be distributed to shareholders as cash gross first dividend until 15.08.2016. The General Assembly also decided that remaining TRY 10,352,469.03 would be allocated as Extraordinary Reserve.

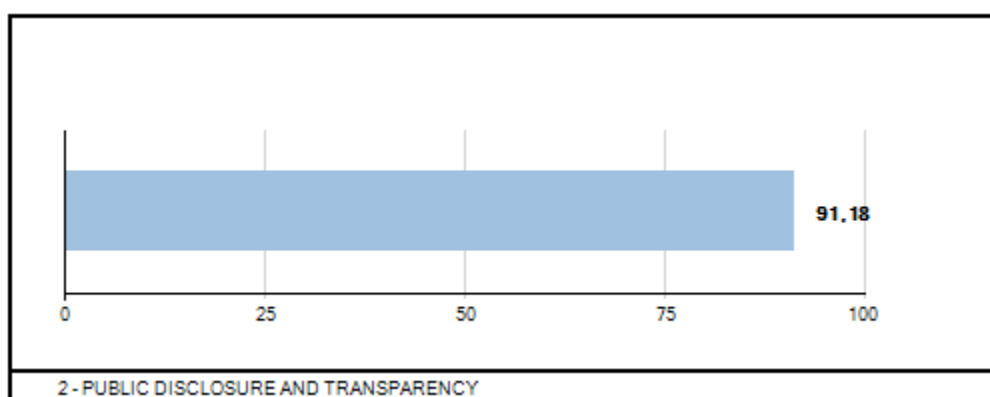
It is our opinion that in this subsection GYH has achieved compliance with the principles.

g. Transfer of Shares

Main Contract's 6th article states: "Name bearing shares are transferred by passing turnover and possessions. The Board of Directors cannot avoid approving and registering transfer of shares, including those that take place in the stock exchange. If (A) group shares are transferred, all their privileges expire." Therefore it has been determined that there are no restrictions on the transfer of shares.

At this subsection it has been seen that GYH acts in accordance with the corporate governance principles.

B. PUBLIC DISCLOSURE AND TRANSPARENCY



Overview

- ✓ Disclosure policies have been prepared in detail, presented to the general assembly and announced to public in electronic environment.
- ✓ The corporate website is being used effectively as a tool to update and enlighten the public within the context of the principles.
- ✓ The information and documents that are required to be on the website by principles cover last 5 years.
- ✓ Information in the website has also been prepared in English.
- ✓ Important board decisions are disclosed through the website.
- ✓/* There are no tables in the annual report showing the volume of commercial and financial relations that took place with direct and indirect subsidiaries during the period.
- ✓/* It would be appropriate to give information in the annual report on whether or not major asset purchases or sales took place during the period.
- * Company's real person ultimate majority shareholders are not disclosed to public in the corporate website by taking out their indirect and reciprocal subsidiary relations.

As for this section, the Company has been assessed by **88** different criteria under the headings of **Corporate Website** and **Annual Report** as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **91.18**.

GYH, fulfills its public announcements under its Public Disclosures Policy developed by the board and shared with public.

The public disclosure policy contains what to be disclosed to public in addition to those required by the legislation, how, in what frequency and by which channels such data will be disclosed to public and the method to be used to respond to questions directed to the company.

Principles about the disclosure of information intended for future are in the disclosure policy. In a case of disclosure to public, it has been observed that assumptions and hypothetical data are also disclosed, and information doesn't contain exaggerated predictions. Furthermore, it's in line with company's financial situation and annual reports.

The authority and responsibility to monitor, supervise and develop public disclosure policy belongs to the Board of Directors.

a. Corporate Website

The corporate website (www.globalyatirim.com.tr) serves as an active and effective platform for public disclosure. The information on the website is consistent with announcements made pursuant to the relevant regulation and doesn't contain conflicting information.

The corporate website covers commercial registry details, current shareholding and management structure, dates and numbers of commercial registry newspapers where changes were published along with the final text of company's Articles of Association, special case statements, financial reports, annual reports, the agendas of the general assembly meetings, lists of attendees, proceedings of the assemblies, specimen Proxy, internal directive, dividend policy, disclosure policy, remuneration and compensation policy, redemption of shares disclosure forms, donations and grants policy, corporate social responsibility policy, Ethical Rules developed by the Company, information requests, questions and notifications and answers given under frequently-asked questions title in addition to the coverage of mandatory disclosure pursuant to the legislation.

The information on the website is also being published in English for international investors and partners to utilize.

In accordance with the capital market regulations financial statements are disclosed on Public Disclosure Platform in Turkish and English simultaneously. In order to help people to make decisions, English text is summarized in a brief, correct, complete, direct, comprehensible and sufficient manner and it is in consistency with the Turkish text.

It is seen that in this subsection GYH has achieved compliance with the principles.

b. Annual Report

It is clear that board of directors has prepared the annual report about the company's activities in such a way that it comprehensively provides complete and correct information. Annual reports of the last five years are being shared with the shareholders and the public on electronic media.

The content of annual reports includes;

- Résumés and tenures of board members and senior managers,
- Information about the sector that company operates in and about its position within the sector
- Information about the company's financial resources, qualifications and amounts of its issued capital market tools,
- Changes made on the articles of association during the period and their reasons,
- Report on compliance to corporate governance principles,
- Report of independent auditor on the annual report.

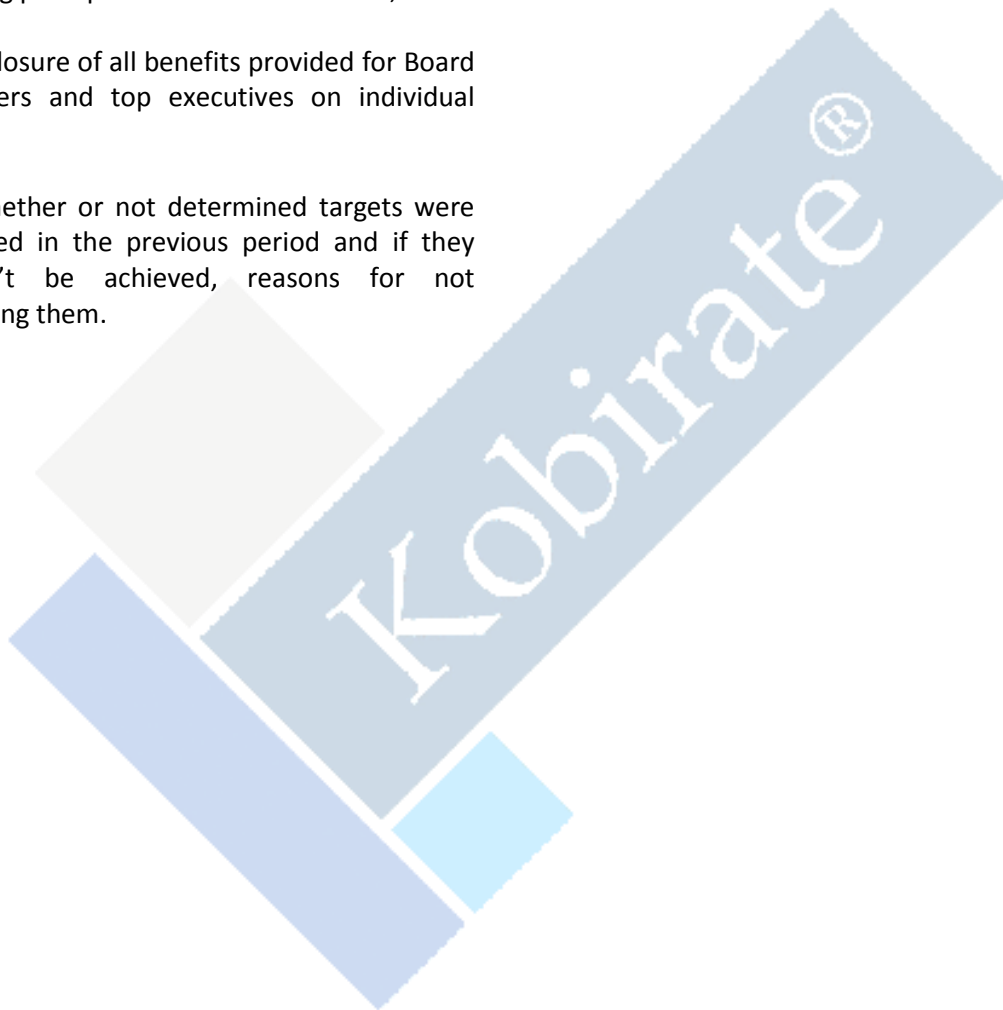
In addition to subjects quoted in regulations and other parts of corporate governance principles, annual reports include information on;

- Responsibility declarations of board members responsible for financial reporting,
- Board members' and managers' ongoing jobs outside the company,
- Declarations of independent board members on their independence,
- Members of subcommittees within the board of directors and meeting frequencies of these subcommittees,
- Important law suits against the company and their possible conclusions,
- The need for permission of the general assembly for majority shareholders, board

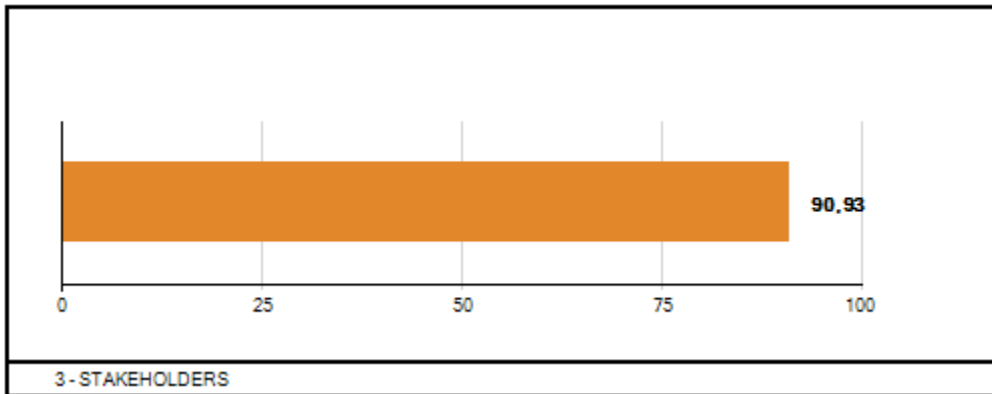
members, managers with administrative responsibilities, their spouses and first and second degree relatives to have transactions that might cause conflict of interest with the company or its subsidiaries or to engage in competitive commercial activities.

However, adding the information below to the annual report would further raise compliance with corporate principles;

- Board assessment on committees' activities, working principles and their efficiencies,
- Disclosure of all benefits provided for Board Members and top executives on individual basis,
- Whether or not determined targets were achieved in the previous period and if they couldn't be achieved, reasons for not achieving them.



C. STAKEHOLDERS



Overview

- ✓ Ethical Rules have been formed and disclosed in electronic environment.
- ✓ Compensation Policy has been formed and disclosed to public via corporate website.
- ✓ There is a detailed staff regulation.
- ✓ Employees are provided with a safe and pleasant working environment.
- ✓ There has been no complaint by employees about discrimination and using rights.
- ✓ The company develops social responsibility projects or supports ongoing ones. The company develops social responsibility projects or supports ongoing ones.
- ✓ Company work on achieving sustainability and it is on the BIST Sustainability Index.
- ✓ Care is given to confidentiality of information about customers and suppliers within the context of trade secrets.
- ✗ There are no mechanisms or models in the Articles of Association or internal regulations supporting participation to management of employees and stakeholders.

In this section, the Company has been assessed by 57 different criteria under the headings of **Corporate Policies on Stakeholders, Supporting Stakeholders'**

Participation in Company Management, Company Policy on Human Resources, Relations with Customers and Suppliers, Ethical Rules and Social Responsibility as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **90,93**.

a. Corporate Policies on Stakeholders

The Corporate Governance Principles describe the Stakeholders as an individual, organization or interest group as employees, creditors, customers, suppliers, trade unions, various non-governmental organizations having an interest in attainment of company's objectives or in its operations. It has been concluded that **GLOBAL YATIRIM HOLDİNG A.Ş.** protects the stakeholders' rights specified in regulations and mutual contracts.

It has been concluded that the company respects the stakeholders' rights, specified in regulations and mutual agreements. The impression is that in case of lack of any regulation, the company respects stakeholders' rights within goodwill rules and company's reputation. It has been observed that many internal regulations were prepared to this end.

Compensation Policy for employees has been prepared, presented to the shareholders at

the general assembly and disclosed to public via corporate website.

It is understood that the stakeholders are adequately informed on company policies and procedures to protect their rights.

The company managers have informed us that the members of subcommittees, established by the board, participate weekly meetings of directors, exchange information and opinions with them and that they are open to suggestions and demands of managers.

In this subsection GYH has achieved compliance with the principles.

b. Supporting Stakeholders' Participation in Company Management

Intranet system has been established in order to have internal communication with the employees.

There are no models prepared to support stakeholders' participation in company management and there are no arrangements in internal regulations or in the Articles of Association on this subject.

We think that it would be beneficial to create and / or improve processes that would help to get stakeholders' opinions on issues important for stakeholders in terms of their consequences.

c. Company Policy on Human Resources

The company put Staff Directives into operation in November 2011.

It has been learned that the employees are provided a safe working environment and conditions and that there exists no discrimination among employees in terms of race, religion, language and gender.

Employee stock-options schemes have not been developed.

Staff regulations do not have restriction or explanation on the freedom of establishing associations. Employees are not members of any trade-union.

There are no policies that have been turned into systematic or formal structures to inform employees or to exchange opinions with them on developments that are relevant to them, on decisions taken by the company and on the financial situation of the company. However we have received information from documents open to public that opportunities for employees are being disseminated through internal communication systems.

It is stated in the annual report that providing equal opportunities for people under equal conditions and that using the same principle in career planning has been adapted by the company as a principle.

There are provisions in the Staff Directives to meet employees' training needs; underlining that training costs will be paid by the Company.

The Company provided 4 hours of Basic Work Health and Safety Training for 35 employees and Human Resources Processes Training for 25 employees in 2016. Furthermore, 18 employees participated 2 hours of Tax Peace seminary. 7 managers are provided with Coach Consultancy services.

The fact that productivity is the criterion to determine remuneration and other benefits for employees is underlined in human resources regulations and it can be seen in committee meeting minutes.

Staff Directives and information on the approach and vision of this directive towards employees' training are in Corporate Governance Compliance Report.

d. Relations with Customers and Suppliers

Since the Company operates as an investment holding, there are no specific regulations for customers and suppliers.

However confidentiality of information in general is important for the Company and it takes great care to use necessary technologies to achieve it.

e. Ethical Rules, Social Responsibility and Sustainability

Business Ethic Rules required to be complied by all employees have been laid down, approved by the Board and put on the company website. Our impression is that activities are conducted within the framework of ethical rules that are disclosed to public.

The Company can add a clear item to the Business Ethic Rules or to the mission determined by the board, stating that it will support and respect internationally recognized human rights.

It gives particular importance to social responsibility projects and supports them especially in regions where subsidiaries are active. Detailed information can be reached in the corporate website under the heading of Social Responsibility.

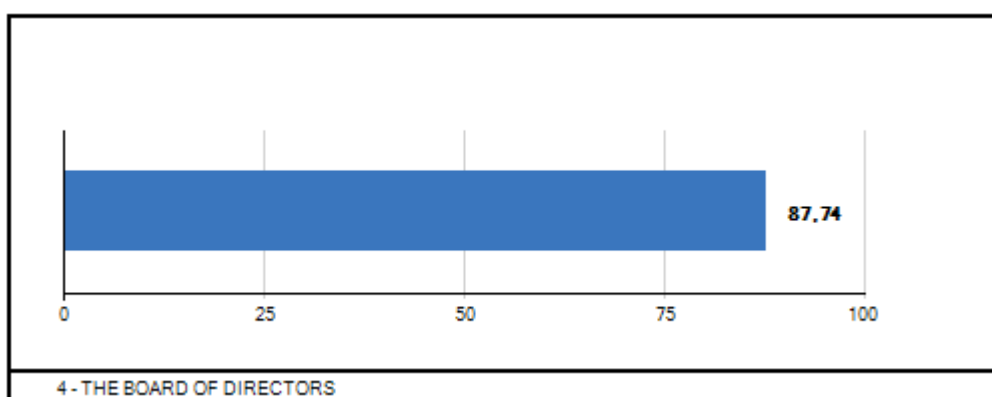
A Sustainability Committee has been established within the Company comprising 14 people. The Committee reports directly to the Chairperson of Board of Directors. Committee comprises Financial Affairs and Finance Group President, Senior Investor Relations Specialist, Assistant Investor Relations Specialist, Lawyer and Human Resources Director from GYH; Financial Affairs Director and Budget Reporting Manager from Global Liman İşletmeleri A.Ş.; Work Health and Safety Director from Naturelgaz San. ve Tic A.Ş.; Financial Affairs Manager and Lawyer from Straton Maden

Yat. ve İşl. A.Ş.; Business Development Manager from Pera Gayrimenkul Yatırım Ortaklığı A.Ş.; General Manager of Actus Portföy Yönetimi A.Ş. and a Deputy General Manager from Global Menkul Değerler A.Ş.

The mission and working principles of the Committee were accepted and put into effect at Board of Directors meeting dated 29.06.2016, No 905.

The Company is on the BIST Sustainability List with its activities in this field.

D. BOARD OF DIRECTORS



Overview

- ✓ Company's strategic targets, human and financial sources it requires have been determined by the Board of Directors.
- ✓ Majority of Board Members are non-executives.
- ✓ 2 of non-executive Board Members are independent members.
- ✓ There isn't any loan/credit involvement between Board Members and Company.
- ✓ Corporate Governance, Audit and Early Detection of Risk Committees have been established and their working principles determined.
- ✓ Principles of activity for the Board of Directors have been determined.
- ✓ Manager Liability Insurance amounting to over 25% of the capital against defects of Board Members duties have been made.
- ✗ No targeted ratio and policy have been prepared for women members of the board, for a ratio no less than 25%.
- ✗ There is no practice of self-criticism and performance evaluation for the Board and there is no practice of rewarding or dismissing members in the light of these assessments.
- ✓/✗ It would be appropriate to disclose the remuneration and other interests provided for managers with

administrative responsibilities on personal basis in the annual report.

In this section, the Company has been assessed by **139** different criteria under the headings of **Function of the Board of Directors, Principles of Activity of the Board of Directors, Structure of the Board of Directors, Procedure of Board of Directors Meetings, Committees Formed within the Structure of the Board of Directors and Financial Rights Provided for Members of the Board of Directors and Executives** as laid down by the Capital Market Board's Corporate Governance Principles, for which the Company has gained the grade of **87.74**.

a. Function of the Board of Directors

By the strategic decisions it takes, Board of Directors manages and represents the company, keeping the risk, growth and return in balance while paying attention primarily to company's long term interests under a reasonable and prudent risk management approach. In this sense, Board of Directors has described the corporate strategic objectives, and determined required human and financial resources.

GYH Board of Directors monitors company activities to be in compliance with regulations, Articles of Association, internal procedures and policies and it supervises management performance.

Board of Directors is authorized to make decisions, to determine the strategy and represent the company at the highest level.

In this subsection, the Company has achieved compliance with the principles.

b. Principles of Activity of the Board of Directors

Board of Directors conducts its activities in an open, accountable, fair and responsible fashion.

The distribution of responsibilities among board members is disclosed to public in the annual report.

It has been learned that the Board has developed internal control systems including risk management and IT systems to minimize effects of risk and processes on stakeholders, starting with shareholders. It has also been found that the Board reviews the effectiveness of risk management and internal control systems at least once a year.

The Chairman of Board is also the General Manager of the Company. It is stated in the annual report that the Board decided to appoint Chairman Mehmet Kutman also as General Manager because of his career in investment banking and his experience in business development and project management. The issue is also explained in Corporate Governance Compliance Report under the heading of “reasons for non - compliance to principles”.

Our impression is that the Board plays a leading role in the maintenance of effective communication and in easing and resolving disputes that might arise between the company and the shareholders. To this end, the Board is in close cooperation with the Corporate Governance Committee and Investor Relations Department.

It has been learned that the Board is in continuous and effective cooperation with managers and they attend Board meetings

whenever necessary while performing their duties and responsibilities.

Manager Liability Insurance amounting to over 25% of the capital against defects of Board Members duties has been made. However it has not been disclosed on Public Disclosure Platform.

In this subsection, the company has achieved compliance with the principles.

c. Structure of the Board of Directors

Company’s Board is formed with seven (7) members, one (1) being the Chairman. The requirement of at least 5 members to form the Board has been met and the number of Board Members found sufficient to serve effectively and constructively and to form and organize activities of committees.

At least five (5) members of seven (7) – member Board have to be proposed by privileged shareholders from A, D and E groups or in case they are not proposed by these groups, they need to be approved by privileged shares. Privileged shares belong to Mehmet Kutman and Erol Göker.

The Board comprises executive and non-executive directors, and the principle that majority of Directors should be non-executive members is respected. Three (3) of the Directors are executives and four (4) of them are non-executives. On the other hand two (2) of non-executive directors are independent, satisfying the independence criteria laid down by Principles. The independent Directors have presented their written representations that they are independent under the legislation, the Articles and the criteria laid down by the Principles to the Nomination Committee (Corporate Governance Committee).

Nomination Committee (Corporate Governance Committee) reported candidate proposals for membership together with its assessment on whether the candidates met the criteria for independence or not to the

Board for approval. The Company has disclosed the finalized list of independent member candidates to public together with the announcement for general assembly meeting.

There is one (1) woman director in the Board. It will be appropriate for the company to determine a target ratio – no less than 25 % - , a deadline and policies to reach these targets and for the Board to monitor the progress on these targets annually.

d. Procedure of Board of Directors Meetings

The Board comes together frequent enough to implement its duties efficiently. Numbers of Board meetings, required majority to convene and to take decisions are written in the Articles of Association.

It has been determined that the board meetings take place regularly, at least once a month and generally more than that. Upon examination of minutes book it has been seen that the Board convened 28 times in 2015 and 21 times in 2016, as of beginning of November.

Each member has one voting right at the board. There are no weighted voting rights. However, decisions in issues that are referred by the Articles of Association are made conditional on yes votes of all members, whose candidacies were put forward by (A) group shareholders and at least five (5) yes votes of Board members.

Board meetings take place in accordance with the arrangements done on Board meetings in internal regulations and Articles of Association. Procedure of Board meetings is made written in company internal regulations.

Functions of Board secretariat is undertaken by the Legal Department.

e. Committees Formed within the Structure of the Board of Directors

In order for the Board to fulfill its duties and responsibilities soundly, Auditing Committee, Corporate Governance Committee and Early Detection of Risk Committees are formed. Separate Nomination and Remuneration Committees haven't been established because of the Board's structure. These duties are carried out by Corporate Governance Committee. Working rules for all three committees have been determined and disclosed to public in the company's annual report and its corporate website.

The company has stuck with the principle, which requires that all members of the Audit Committee and minimum the Chairmen of other committees are appointed from independent members and the General Manager has not been assigned to any committee.

All sources and support are provided by the Board to ensure that committees carry out their obligations.

All discussions in committees are recorded in writing. It can be seen in the meeting minutes that Committees invite appropriate executives to their meetings to benefit from their opinions.

Corporate Governance Committee; establishes whether the corporate governance principles are implemented in the Company, as well as the grounds for non-implementation, if applicable; conflicts of interest, if any, arising from failure to fully comply with these principles, and discloses these to public through Corporate Governance Compliance Report.

Separate Nomination and Remuneration Committees haven't been established because of the Board's structure. These duties are carried out by Corporate Governance Committee.

The Committee consists of four (4) members. Committee Chairman is an independent member of the Board, while two (2) are non – executive Board members. One member is Investor Relations Department Manager and he is assigned as a member of Corporate Governance Committee in accordance with CMB Corporate Governance Notification number II.17-1. The change in the Committee was disclosed to public with a special case statement dated 17.09.2015.

Its structure complies with the principle which requires that all of the members – if there are only two – or majority of members – if there are more than two – should consist of non-executive Board Directors.

Committee convened four (4) times in 2015. As of beginning of November 2016, it held three (3) meetings. Secretariat functions of the Committee are undertaken by Esra Gündüz, an official working in the Investor Relations Department.

The Audit Committee consists of two (2) independent members. It monitors performance and effectiveness of company's accounting system, public disclosure of financial information, independent audit and working and efficiency of the internal control system. The selection of independent audit company and supervision of its work at every stage is implemented by the audit committee.

Internal Audit Department operating in conjunction with the Board of Directors through Audit Committee, supervises the effectiveness and performance of internal control and risk management systems within the scope of annual audit plan according to risk managements.

Audit Committee convened four (4) times in 2015. As of beginning of November 2016, it held three (3) meetings.

Secretariat functions of the Committee are undertaken by Financial Affairs Group President Kerem Eser.

Early Detection of Risk Committee consists of three (3) members. Its chairman and one member are independent. Another member is a non – executive Board Member.

The Committee convened four (4) times in 2013 and presented written reports to the Board. It held three (3) meetings in 2014, as of the end of September 2014.

Secretariat functions of the Committee are undertaken by Esra Gündüz, an official working in the Investor Relations Department.

The committees comprises following members:

Audit Committee

Name	Surname
Oğuz Satıcı	Chairman (Independent)
Jerome Bayle	Member (Independent)

Corporate Governance Committee

Name	Surname
Jerome Bayle	Chairman (Independent)
Ayşegül Bensele	Member (Non - Executive)
Adnan Nas	Member (Non - Executive)
Aslı Gülan SU ATA	Member

Early Detection of Risk Committee

Name	Surname
Jerome Bayle	Chairman (Independent)
Oğuz Satıcı	Member (Independent)
Adnan Nas	Member (Non - Executive)

Upon examination of meeting minutes it has been seen that Committees operate

efficiently in accordance with their working principles.

f. Financial Rights Provided for Members of the Board of Directors and Executives

Compensation policy of the Directors and top executives have been presented for the approval of the general assembly and disclosed to public in the electronic environment.

It is regulated in the Articles of Association that the stock-options or payment plans based on the corporate performance are not used for remuneration of the independent directors and it is observed that practice has been compatible with this principle. We think that the emoluments of independent directors are sufficient to protect their independency.

It has been learned that the Company has not lent and extended loan to any Director or top executive or made available any credit under personal loan through any third person or provided securities such as surety in favour of them.

Legal Department has notified us in writing that within the last year there have been no law suits against board members or top executives that require administrative or punitive action.

As the board is responsible for the achievement of publicly declared operational and financial performance targets of the company, it would be beneficial to have clear explanation about realization of expectations and the reasons in case they have not been achieved, in the annual report.

The board doesn't evaluate its performance or self criticize itself on personal basis or as a whole. The practice of awarding or dismissing board members on the basis of the evaluation of results of their performance doesn't exist. It

would be the right action, in terms of compliance to principles, for the Board to determine the method in this issue and to measure performance by using this method.

Remuneration and other benefits that are provided for board members and top executives are explained in the annual report. However it would be appropriate to explain them on individual basis.

5. KOBİRATE ULUSLARARASI KREDİ DERCELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ
A. Ş. CORPORATE GOVERNANCE RATING GRADES AND DESCRIPTIONS

GRADE	DEFINITIONS
9–10	<p>The Company achieved a substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency are high. Interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.</p>
7–8,9	<p>The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place, and operational, although some improvements are required. Potential risks, which the Company may be exposed are identified and can be managed. Benefits of the shareholders are fairly taken care of. Public Disclosure and transparency are at high levels. Interests of the stakeholders are equitably considered. Composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.</p>
6–6,9	<p>The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at moderate level have been established and operated, however, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of although improvement is needed. Although public disclosure and transparency are taken care of, there is need for improvement. Benefits of the stakeholders are taken care of but improvement is needed. Some improvement is required in the structure and working conditions of the Board. Under these conditions, the Company is not eligible for inclusion in the BIST Corporate Governance Index.</p>

GRADE	DEFINITIONS
4–5,9	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level, but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and stakeholders, public disclosure, transparency, the structure and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p>
< 4	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, public disclosure, transparency. Structure and working conditions of the Board appear to be at a level that might cause the investor to incur material losses.</p>