



Corporate Governance and Credit Rating Services, Inc.

Corporate Governance Rating Report



28 December 2011

## CONTENTS

Rating and Executive Summary . . . . .	3
Rating Methodolgy . . . . .	6
Holding Overview . . . . .	7
<b>SECTION 1: SHAREHOLDERS</b> . . . . .	<b>9</b>
Facilitating the Exercise of Shareholders’ Statutory Rights . . . . .	10
Shareholders’ Right to Obtain and Evaluate Information . . . . .	10
Minority Rights . . . . .	11
The Right to Participate in the General Shareholders’ Meeting . . . . .	11
Voting Rights . . . . .	13
Dividend Rights . . . . .	13
Transfer of Shares . . . . .	13
Equal Treatment of Shareholders . . . . .	13
<b>SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY</b> . . . . .	<b>15</b>
Principles and Means for Public Disclosure . . . . .	16
Public Disclosure of Relations Between the Holding and its Shareholders, The Board of Directors and Executives . . . . .	18
Periodical Financial Statement and Reports in Public Disclosure . . . . .	18
Functions of External Audit . . . . .	19
The Concept of Trade Secret and Insider Trading . . . . .	19
Significant Events and Developments That Must Be Disclosed to the Public . . . . .	19
<b>SECTION 3: STAKEHOLDERS.</b> . . . . .	<b>20</b>
Holding Policy Regarding Stakeholders . . . . .	20
Stakeholders’ Participation in the Holding Management . . . . .	21
Protection of Holding Assets . . . . .	21
Holding Policy on Human Resources . . . . .	21
Relations with Customers and Suppliers . . . . .	22
Ethical Rules . . . . .	22
Social Responsibility . . . . .	22
<b>SECTION 4: BOARD OF DIRECTORS.</b> . . . . .	<b>24</b>
Fundamental Functions of the Board of Directors . . . . .	25
Principles of Activity and Duties and Responsibilities of the Board of Directors . . . . .	25
Formation and Election of the Board of Directors . . . . .	27
Remuneration of the Board of Directors . . . . .	27
Number, Structure and Independence of the Committees Established by the Board of Directors . . . . .	28
Executives . . . . .	28
Rating Definitions . . . . .	29

## Rating and Executive Summary

### GLOBAL YATIRIM HOLDİNG A. Ş. (GLYHO)

 **SAHA**  
Corporate Governance Rating:

**8.36**

#### **Contacts:**

S. Suhan Seçkin  
[suhan@saharating.com](mailto:suhan@saharating.com)  
Ali Perşembe  
[apersembe@saharating.com](mailto:apersembe@saharating.com)  
Mustafa Karamehmetoğlu  
[mkaramehmet@saharating.com](mailto:mkaramehmet@saharating.com)

**MAIN SECTIONS: Avg. 83.64**

**Shareholders: 82.33**



**Public Disclosure & Transparency: 88.08**



**Stakeholders: 91.63**



**Board of Directors: 73.94**



0 10 20 30 40 50 60 70 80 90 100

## EXECUTIVE SUMMARY

Global Yatırım Holding A.Ş. (holding) is rated with **8.36** as a result of the Corporate Governance study done by SAHA. Details of this study are presented in the following chapters. Our rating methodology (page 6) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles" (the Principles). Ratings of main sections and sub-sections are disclosed separately.

We observe that Global Yatırım Holding A. Ş. took the necessary steps to determine its governance risks and made improvements in setting up sound internal controls and management systems. There is still room, on the other hand, for improvements in order to fully comply with the CMB's Corporate Governance Principles.

Under the **Shareholders** heading, Global Yatırım Holding A.Ş. scored **8.23**. Establishment of a shareholder relations department, having no limitations for voting rights, conduct of general shareholders' meetings in compliance with the legislation and internal rules and regulations, presence of a consistent dividend distribution policy, and avoidance of any restrictions on transfer of shares are positive aspects; whereas, the lack of provisions in the articles of association that provide the right to request appointment of a special auditor from the general shareholders' meeting and that certain decisions can only be taken in the general shareholders' meeting, the

lack of additional provisions on the rights of minorities, the lack of cumulative voting procedures, presence of voting privileges on nominating board members, and the absence of a general shareholders' meeting agenda are areas for further improvement.

Holding attained **8.81** under the **Public Disclosure and Transparency** caption. Significant events and developments are disclosed to public by using all telecommunication instruments and in compliance with the capital markets legislation and ISE regulations. Information policy, corporate governance compliance report, dividend policy, the insider list, and the ethical rules are disclosed to public. The corporate website is revamped to be more comprehensive. The annual report is comprehensive, but the Turkish version should carry the same attributions involving the statement of responsibility and the declaration of the board of directors on whether the internal control system is working efficiently or not. The concept of trade secret is defined. The independent audit process complies with the legislation, but the audit committee has not been instrumental in the appointment of independent auditors.

On the topic of **Stakeholders**, holding has broadly complied with the CMB Principles apropos holding policy and procedures regarding the protection of stakeholders' rights, protection of holding assets, and relations with the customers and suppliers and scored a well-deserved **9.16**. The articles of association do not have any provisions that encourage participation of stakeholders in the management of the holding. The ethical rules are prepared comprehensively and disclosed to public in the corporate website.

From the perspective of the Principles regarding the **Board of Directors**, holding's tally is **7.39**. There is a well communicated holding mission and vision statement. The board of directors consists of broadly experienced, competent, and suitably educated individuals; the holding's code of ethics is binding for members of the board; and there are two independent board members. The areas for further improvement are; majority of the board members hold executive responsibilities, they do not have joint liability statements, they have the privilege of nominations of the candidates, chairman of the board and the chief executive officer is the same person, there are no cumulative voting rights, and there is no incentive remuneration policy for board members which is tied to the performance of the holding. Audit and Corporate Governance committees are established, yet their level of activities will be monitored.

#### DISCLAIMER

This Corporate Governance Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme A. Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) based on information made available by Global Yatırım Holding A.Ş. and according to the Corporate Governance Principles by the Turkish Capital Markets Board as amended on 2005.

This report, conducted by SAHA A. Ş. analysts and based on their best intentions, knowledge base and experience, is the product of an in depth study of the available information which is believed to be correct as of this date. It is a final opinion about the degree of sensitivity of a company to its shareholders' and stakeholders' rights, its commitment to public disclosure and transparency, and conduct and credibility of its board of directors.

The contents of this report and the final corporate governance rating should be interpreted neither as an offer, solicitation or advice to buy, sell or hold securities of any companies referred to in this report nor as a judgment about the suitability of that security to the conditions and preferences of investors. SAHA A. Ş. makes no warranty, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

SAHA A.Ş. has embraced and published on its web site ([www.saharating.com](http://www.saharating.com)) the IOSCO (International Organization of Securities Commissions) Code of Conduct for Credit Rating Agencies and operates on the basis of independence, objectivity, transparency, and analytic accuracy.

© 2008, Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. All rights reserved. This publication or parts thereof may not be republished, broadcast, or redistributed without the prior written consent of Saha Kurumsal Yönetim ve Kredi Derecelendirme A. Ş. and Global Yatırım Holding A. Ş.

## Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's Corporate Governance Principles released on July 2003, as revised on February 2005.

The CMB based these principles on the leading work of The World Bank, Organization of Economic Cooperation and Development (OECD) and the Global Corporate Governance Forum (GCGF), which has been established in cooperation with the representatives of these two organizations and private sector. Experts and representatives from the CMB, the Istanbul Securities Exchange and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose; additionally many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after the required evaluations. Accordingly, these Principles have been established as a product of contributions of all high-level bodies.

Within the Principles, "comply or explain" approach is valid. The implementation of the Principles is optional. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the holding's governance practices in the future should all be included in the annual report and disclosed to public.

The Principles consist of four main sections: shareholders, public

disclosure and transparency, stakeholders and board of directors:

On the foundation of these Principles, SAHA Corporate Governance Rating methodology features over 350 code criteria. During the rating process, each criterion is evaluated on the basis of information provided by the holding officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.


SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a holding should be in full and perfect compliance with the Principles (see Rating Definitions, p.19).

In compliance with the CMB's directive and to reach an overall Corporate Governance Rating, SAHA allocates the following weights to the four main sections of the Principles:

Shareholders: **25%**  
Disclosure and Transparency: **35%**  
Stakeholders: **15%**  
Board of Directors: **25%**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

## Company Overview

Global Yatırım Holding A. Ş.	
 <b>GLOBAL</b> YATIRIM HOLDİNG	<b>CHAIRMAN &amp; CEO</b> Mehmet Kutman
Rıhtım Cad., No: 51, Karaköy 34425 İstanbul <a href="http://www.globalyatirim.com">www.globalyatirim.com</a>	<b>Investor Relations Unit Director</b> Selran Baydar Tel: (212) 244 6000, Fax: (212) 244 6161 <a href="mailto:investor@global.com.tr">investor@global.com.tr</a>

Global Yatırım Holding A.Ş. was established on 1 October 2004 with the reorganization of the former Global Menkul Değerler A.Ş., to manage a diversified portfolio of investments in infrastructure, real estate, and energy. The title "Global Menkul Değerler" is used by Global Menkul Değerler A.Ş., which was established on 1 October 2004 and currently a joint company of Global Yatırım Holding A.Ş., to provide corporate finance and brokerage services.

Public shares of Global Menkul Değerler A.Ş., which traded under "GLMDE.IS" code at the Istanbul Stock Exchange (ISE) until 1 October 2004, are trading under the "GLYHO.IS" code as Global Yatırım Holding A.Ş. since 3 January 2005. The holding is a constituent of the ISE All Shares (XUTUM), ISE 100 (XU100), ISE 50 (XU050), ISE 100-30 (XYUZO), ISE National (XULUS), ISE Financials (XUMAL), ISE Holding and Investment (XHOLD), and ISE Istanbul (XSIST) indices.

Holding has a diversified portfolio of investments in a number of business segments, including port operations, energy distribution and production, real estate, and non-bank financial services.

Holding's port operations are carried out by its subsidiary Global Liman İşletmeleri A.Ş., where the holding holds 77.8% share. Global Liman İşletmeleri A.Ş. holds a stake of 72.5% at Ege Liman İşletmeleri A.Ş. who operates Kuşadası Passenger Port, 60% at Bodrum Yolcu Limanı İşletmeleri A.Ş., who operates Bodrum Passenger Port, and 99.8% at Ortadoğu Antalya Liman İşletmeleri A.Ş., who operates Antalya Commercial and Passenger Port.

Global Yatırım Holding A.Ş.'s current energy investments comprise investments in ten regional natural gas distribution companies and natural gas wholesale operations in Turkey as well as thermal and hydroelectric power plant projects under development. Holding's main subsidiary in natural gas distribution and wholesale sectors is Energaz Gaz Elektrik Su Dağıtım A.Ş., who, in addition to rapidly expanding the gas distribution network and promoting natural gas consumption in the ten licensed regions by completing the infrastructure investments, is also responsible for the management of its licensed subsidiaries operating in each specific region. Energaz Gaz Elektrik Su Dağıtım A.Ş. is majority-owned by Enerji Yatırım Holding A.Ş., a strategic joint venture between Global Yatırım Holding A.Ş. and STFA

Yatırım Holding A.Ş. The main subsidiaries of the holding in electricity generation are Galata Enerji Üretim San. ve Tic. A.Ş., carrying out the development of the 270MW thermal power plant project in Şırnak, and Global Enerji Hizmetleri ve İşletmeciliği A.Ş., which is developing a 55MW hydroelectric power plant project in Eastern Turkey.

As of September 2006, Global Yatırım Holding A.Ş. converted the Pera fund, a closed-end fund managed by Global Asset Management, into a real estate investment company. Pera REIT's primary activity consequently became investment in real estate, real estate projects and real-estate based rights and capital market instruments. In October 2006, the Denizli Sümer Park development became the first real estate investment transferred to Pera REIT. As well as overseeing the Group's existing real estate projects transferred to it, Pera REIT is actively sourcing new projects within Turkey and in northern Cyprus. Pera REIT trades on the Istanbul Stock Exchange under the ticker symbol "PEGYO.IS".

Holding's non-bank financial services are mainly structured under the umbrella of its subsidiaries; Global Portföy Yönetimi A.Ş. and Global Menkul Değerler A.Ş., who went public on June 2011, and trading under ticker symbol "GLBMD.IS".

Capital structure of the holding as of 5 December 2011 is as follows:

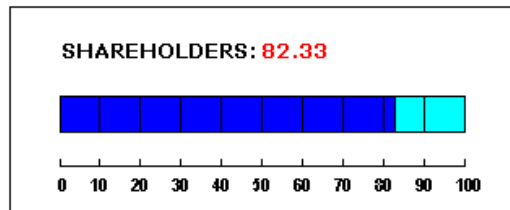
<b>Global Yatırım Holding A. Ş. Capital Structure</b>		
<b>Shareholder</b>	<b>Shares TL</b>	<b>Share %</b>
Mehmet Kutman	56,868,710	25.27
Erol Göker	488,707	0.22
Treasury Stock	60,041,028	26.68
Foreign Institutional	19,344,823	8.60
Retail	88,260,419	39.23
<b>Toplam</b>	<b>225,003,687</b>	<b>100.00</b>

The Board of Directors of the holding has shaped as follows:

<b>Holding Board of Directors</b>			
<b>Name</b>	<b>Title</b>	<b>Position</b>	<b>Independency</b>
Mehmet Kutman	Chairman, CEO	Executive	
Erol Göker	Vice-chairman	Executive	
Ayşegül Bensele	Member	Executive	
Gregory M. Kiez	Member	Executive	
Serdar Kırmaz	Member	Executive	
Adnan Nas	Member	Non-executive	Independent
Jerome Bernard Jean Auguste Bayle	Member	Non-executive	Independent



## SECTION 1: SHAREHOLDERS



### SYNOPSIS

+	There is an investor relations unit
+	Necessary information is offered to shareholders for sound execution of their rights
+	General shareholders' meetings are conducted in compliance with the legislation
+	Voting rights are facilitated
+	No upper limit on votes
+	Consistent dividend policy
+	No limitations on the transfer of shares
=	Only 2 board members attended the general shareholders' meeting
=	Declaration of the general shareholders' meeting made 2 weeks in advance, instead of 3
-	In the articles of association, shareholders do not have the right to request appointment of special auditors from the general shareholders' meeting
-	No additional provisions for minority rights
-	Lack of cumulative voting procedures
-	Information document relating to agenda items of the general shareholders' meeting not prepared
-	No provision in the articles of association that certain decisions can only be taken at the general shareholders' meeting

- Presence of voting privileges on nominating board members

In exercising shareholders' rights, legislation, articles of association and other in-house regulations are applied and necessary precautions to ensure use of such rights are adopted. An Investor Relations Unit is established for this purpose.

All information required to exercise shareholders' rights in a sound manner are made available to all shareholders. All necessary information is disclosed to public on the holding's web site. There is no provision in the articles of association that allows each shareholder to have the right to request from the general shareholders' meeting that a special auditor is appointed for the examination and clarification of a specific material situation.

Utmost care is given to the exercise of minority rights. Nevertheless, a cumulative voting procedure is not adopted to allow minority shareholders send their representatives to the board. There is no enlargement of the scope of minority rights (beyond the requirements of the Turkish Commercial Code and regulations relevant to public companies) in the articles of association of the holding.

Procedures followed prior to the general shareholders' meeting as well as the conduct of the actual meeting are in compliance with the relevant legislation and regulations and serve to enable shareholders to exercise their rights in a most efficient manner. Shareholders are provided with sufficient information prior and during the general shareholders' meeting. However, the articles of association of

the holding do not stipulate that certain decisions can only be taken at the general shareholders' meeting, and an informative document prior to the general shareholders' meeting is not prepared.

At the holding, all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately. No ceilings are applied on the number of votes that a shareholder may exercise during the general shareholders' meeting. The right to vote is automatically granted once the share is acquired and arrangements that would postpone the exercise of the right to vote a certain period following the acquisition of share are not adopted. On the other hand, holders of Group A, D, and E shares have nominating privileges. Group A shareholders nominate 2, Group D shareholders 1, and Group E shareholders nominate 1 member for the 7-member board of directors.

The holding has a clearly defined and consistent dividend policy and this is disclosed to public. Interim dividend payments are allowed as per the articles of association. No dividend payments were realized in 2010, and the shareholders were informed of the reasons at the general shareholders' meeting.

Neither the articles of association of the holding nor any resolutions of the general shareholders' meeting contain any provisions that impede the transfer of shares.

All shareholders, including minority shareholders and foreign shareholders are treated equally.

### **1.1. Facilitating the Exercise of Shareholders' Statutory Rights:**

In exercising shareholders' rights; legislation, articles of association and other in-house regulations are applied and necessary precautions to ensure use of such rights are adopted. Investor Relations Unit is established for this purpose. Unit director, Ms. Selran Baydar reports to the Corporate Governance Committee.

The Shareholder Relations Unit makes sure that shareholder records are kept up-to-date, secure and properly; shareholders' written queries for information (excluding the information that is confidential and classified as trade secret) are replied to promptly; appropriate preparation is done to ensure that the general shareholders' meeting is conducted in accordance with the legislation, the corporate statute and other in-house regulations; documents to be used by the shareholders at the meeting are prepared; records of voting results are kept and all reports related to the resolutions of the general shareholders' meeting are sent to the shareholders; all issues concerning investor relations and public disclosure, including the related legislation and information policy of the holding are supervised.

### **1.2. Shareholders' Right to Obtain and Evaluate Information:**

With regard to facilitating shareholder rights, all necessary information and documentation are available for and easily accessible by the shareholders. The information is submitted as complete, accurate and in a timely and diligent manner.

The holding's obligation to inform shareholders includes legal or commercial relationships with other enterprises or individuals with whom there is a direct/indirect managerial,

administrative, supervisory or ownership related relationship. In order to broaden the scope of shareholders' right to obtain and evaluate information, any type of information that may affect the way in which shareholders exercise such rights, are updated on a regular basis on electronic media.

There is no provision in the articles of association that allows each shareholder to have the right to request from the general shareholders' meeting that a special auditor is appointed for the examination and clarification of a specific material situation.

### **1.3. Minority Rights:**

Maximum care is given to the usage of minority rights. The articles of association of the holding do not allow the execution of cumulative voting procedures which will make it possible for minority shareholders to appoint their representatives to the board and does not contain any provisions that dictate any voting privileges. Provisions of Turkish Commercial Code and public joint stock companies are duly applied.

### **1.4. The Right to Participate in the General Shareholders' Meeting:**

In order to ensure the highest level of participation, prior to the general shareholders' meeting all registered shares are recorded (taking into account of the records of legal custodians and likewise institutions) in the share ledger.

The procedure, content and timing of invitation to the general shareholders' meeting, allowed shareholders to acquire adequate information about the agenda items to be discussed prior to the meeting and enabled preparations thereto. The board, however, did not prepare an

informative document regarding the agenda items. In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the general shareholders' meeting was performed through all means of communication available to the holding 2 weeks in advance. This period should be extended to 3 weeks.

The following items were clearly indicated in all announcements prior to the shareholder meeting: date and time of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; should an amendment on the articles of association be discussed within the agenda, the old and new versions of the related provision/provisions of the articles of association as approved by the relevant authorities; the body inviting the general shareholders' meeting; the place where annual report, financial statements and other meeting documents can be examined. Commencing from the date of announcement of invitation for the general shareholders' meeting, financial statements and reports including the annual report; proposal for dividends; amended text of the articles of association and all other related documents pertaining to the agenda items were made available to all shareholders for examination purposes at the headquarters of the holding and its web site.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" were not used.

Proxy forms were posted on the web site promptly and appropriately for those who would appoint a proxy for the general shareholders' meeting.

While preparing the agenda, the board gave due attention to the issues raised within the Shareholder Relations Unit and to the issues that shareholders wish to include in the agenda.

The meeting took place at the headquarters of the holding. The location was easily accessible and appropriate for the predicted attendance level of shareholders. The meeting did not lead to any discrimination among the shareholders, and took place with at least possible cost, and in the least complex manner. Agenda items were expressed in an unbiased and detailed manner with, clear and concise method. Shareholders were provided with equal opportunities to express their opinions, and raise any questions and a sound discussion environment was created.

The board ensured that the total number of votes and voting privileges to be cast by shareholders during the meeting is determined and classified, and the shareholders are informed at the start of general shareholders' meeting. The meeting served as a forum of shareholders in which the annual report and the holding's performance indicators are discussed. Shareholders were informed about the news and analysis of the disputed issues concerning the holding which occurred on the media.

The chairman of the meeting, Mr. Serdar Kirmaz, showed a conduct on fair grounds, and in an efficient manner that would enable shareholders to exercise their rights. The chairman ensured that each question imposed by any of the shareholders was answered directly in the general shareholders' meeting.

Only two board members, auditors and authorized persons who are responsible for preparing the financial statements and persons who are in a

position to inform shareholders about peculiar agenda items participated in the meeting. The chairman of the meeting announced the justifications of the absentees.

The chairman of the meeting took all necessary precautions on voting methods which reflect the will of the majority. Each agenda item was voted separately, the votes were counted and results of voting were announced before the end of the meeting. The minutes of the meeting are made available to the shareholders in writing and in electronic media at all times.

Even though all the board members did not attend the meeting, sufficient information about those board members was provided in the annual report. Nevertheless, there is no clause in the articles of association that states the minimum amount of information to be given about the candidates.

At the meeting, shareholders were given the opportunity to present their views and suggestions on board members' and executives' wages. The external audit firm explained in writing in its audit report whether or not the financial statements and other financial reports such as capital adequacy table comply with the current principles and standards; the statements and reports truly and completely reflect the real status of the holding; and whether or not there are any issues hindering the independence of the external auditor company.

The articles of association of the holding do not include a provision to maintain that decisions regarding the division and allocation of shares which change the capital and management structure of the holding and the composition of the holding's assets; the sale, purchase or lease of tangible/intangible assets or grants in

significant amounts; the issuance of guarantees like pledges and mortgages in favor of a third person are adopted in the general shareholders' meeting.

### **1.5. Voting Rights:**

At Global Yatırım Holding A.Ş., each shareholder, including those domiciled abroad, is provided with the opportunity to exercise his/her voting rights in the most appropriate and convenient way. There are no ceilings applied on the number of votes that a shareholder may exercise during the general shareholders' meeting. Right to vote is automatically granted once the share is acquired and there are no arrangements that would postpone the exercise of the right to vote a certain period following the acquisition of the share.

There are four separate shareholder groups at the capital structure of the holding. Holders of Group A, D, and E shares have the nominating privileges. Group A shareholders nominate 2, Group D shareholders 1, and Group E shareholders nominate 1 member for the 7-member board of directors. Furthermore, even though all shareholders have the right to nominate a candidate for a board member, nominations of these candidates at the general shareholders' meeting must be approved before the election by the Group A shareholders. Finally, Group A shareholders should have positive vote on some board decisions mentioned in detail at the articles of association; otherwise these decisions cannot be taken.

There are no provisions in the articles of association of the holding that prevent voting by use of a proxy who is not a shareholder. Legal representations are documented in writing. The board communicates with the institutional representatives and

institutional representation is based on open ballot.

Voting was conducted through open ballot and by raising hands during the general shareholders' meeting. Shareholders were informed of the voting procedure at the beginning of the meeting.

### **1.6. Dividend Rights:**

Holding's dividend policy is clearly defined and disclosed to public. It is submitted to the shareholders at the general shareholders' meeting and is incorporated in the annual report. In this policy, shareholders' interests followed a consistent approach with the interests of the holding.

At the 2010 general shareholders' meeting, even though there was profit shown on the consolidated financial statements prepared in accordance with CMB regulations, and since there was loss shown for the same period on the financial statements prepared in accordance with tax regulations, shareholders were informed that there will be no distribution of dividend.

The holding did not carry out any interim dividend payments so far although such provisions exist in the articles of association.

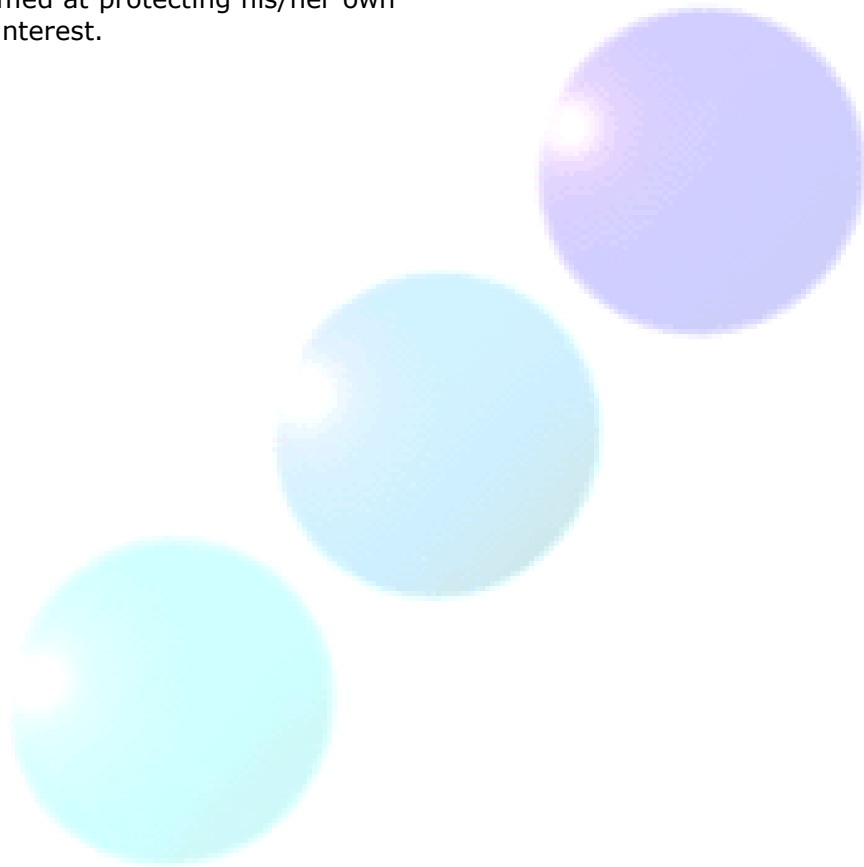
### **1.7. Transfer of Shares:**

Neither the articles of association of the holding nor any decisions adopted at the general shareholders' meeting contain any provisions that impede the transfer of shares.

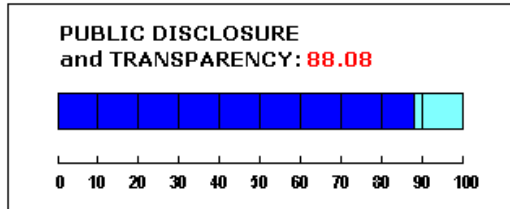
### **1.8. Equal Treatment of Shareholders:**

All shareholders, including minority shareholders and foreign shareholders are treated equally.

During the rating process, holding officials have also declared that board of directors, executives, shareholders who are controlling the management, or other persons, who would have the privilege to retrieve various kinds of information, do not perform any activities on their own behalf which coincide with the activities of the holding and none of the shareholders acted with the intention of harming other shareholders and the holding unless aimed at protecting his/her own justified interest.



## SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



### SYNOPSIS

+	Information policy disclosed
+	Justification of the unimplemented corporate governance principles declared
+	Detailed corporate governance compliance report disclosed
+	Dividend policy disclosed in the annual report
+	Ethical rules disclosed to public
+	Comprehensive web site, actively used for public disclosure
+	Financial statements comply with legislation and international norms
+	Insider list disclosed to public
+	Concept of trade secret defined
=	Scope of the English version of the web site can be enhanced
=	Annual report is comprehensive, but only the English version exists on the web site
-	The annual report lacks signed declaration of responsibility by the board
-	No statement of the board on status of internal control system
-	No statement of independent auditors on status of internal control system
-	Audit committee not instrumental in appointment of independent auditors
-	No information about remuneration of board members

and executives

Disclosed information of Global Yatırım Holding A.Ş. is accurate, complete, comprehensible, interpretable and easily accessible at low cost and prepared to aid the individuals and institutions in their decision-making, and presented equally. Holding established its information policy and disclosed it to the public, but not yet presented it to shareholders' attention at general shareholders' meeting. Any developments that may affect the value of the holding's capital market instruments are disclosed to the public without any delay and within the time period required by the current legislation.

The corporate governance compliance report is included in the annual report and on the corporate website. Additionally, unilateral declaration of the board of directors which covers information about whether or not the Principles are being properly applied, if the Principles are not being applied, the reasons for such non-application and all possible conflicts of interest due to the improper adoption of the Principles is incorporated in the annual report of the holding.

The dividend distribution policy and the ethical rules of the holding are included in the annual report and on its website, and disclosed to public within the framework of the public information policy.

Holding's website is redesigned to be actively used as a means of public disclosure. However, the scope of the English version should be enhanced.

The relationship between the holding and its shareholders, board of

directors and executives are publicly disclosed.

Periodical financial statements and footnotes are prepared in accordance with the current legislation and international accounting standards. However, written declaration of the board members that it exactly reflects the holding's financial status and fully complies with the legislation, does not take place in the annual report.

The annual report has a rich and extensive content, but the Turkish version should carry the same context on the holding's web site.

The independent auditing of Global Yatırım Holding A.Ş. is implemented in compliance with the legislation, but the audit committee does not play an active role in the selection process of the external audit firm.

The scope of trade secret of the holding is defined and a list of the names of executives who can potentially possess price-sensitive information is prepared and disclosed to public in the annual report and website.

### **2.1. Principles and Means for Public Disclosure:**

The public disclosure of the holding is realized in a timely manner, accurate, complete, understandable, interpretable, allowing easy access with low cost, and available on equal basis to help the interested parties and organizations to come to a decision.

There are eleven managers to disseminate holding information on the Public Disclosure Platform (KAP) and are in close contact with the audit and corporate governance committees. The Investor Relations Unit is assigned solely to monitor and supervise all issues pertaining to public disclosure. Investors, financial analysts, press members and similar groups are

guided to this unit. In compliance with the transparency principle, the holding accurately discloses its accounting policy and operational financial results to the public.

The holding established its information policy and disclosed it to the public on its website. This newly created policy will be presented to the shareholders at the first general shareholders' meeting.

The holding's information policy covers category of information to be disclosed to the public in addition to the requirements of the relevant legislation; form and methods of disclosure; the method to be adopted in order to answer the questions submitted to the holding; the type of information to be discussed at the general shareholders' meeting; and the principles applicable to disclose forward looking information.

Any developments that may affect the value of the holding's capital market instruments is disclosed to the public without any delay and within the time period required by the current legislation. Should there be a significant change in the financial status and/or operations of the holding, or in case of an expectation of such a significant change in the financial status and/or operations in the future, the information is disclosed to the public, save for the relevant provisions of legislation. Any changes or new developments in the already disclosed information is regularly updated and disclosed to the public.

Unilateral declaration of the board of directors, which covers information about whether or not the Principles are being properly applied, if the Principles are not being applied, the reasons for such non-application and all possible conflicts of interest due to the improper adoption of the Principles, is



included in the annual report and disclosed to public.

The dividend distribution policy as well as the ethical rules of the holding are included in the annual report and on the corporate website, and announced to public within the framework of the public information policy.

Periodical financial statements, reports and disclosed information do not consist of any exaggerated provisions or misleading information.

Save for the provisions of the legislation, the preparation or revision of periodical financial statements is subjected to a compliance audit by the external auditor. The audit and public disclosure thereof, and the method to be adopted for disclosing forward looking information is in compliance with the international standards. The Principles applicable to disclose forward looking information is included in the information policy of the holding.

The holding's website is revamped and actively used as a means of public disclosure. The website is easily accessible, easy to use, and comprehensive. It is made available in English for the use of foreign investors, but the scope can be enhanced. The holding ensures that the information disclosed to the public is also available on its website which is configured and designed accordingly. The holding took all the necessary precautions in order to prevent any modifications on the information displayed on its website.

Information published on the holding's website includes trade register information; detailed information about the shareholder and management structure; detailed information about preferred shares; the final version of the holding's articles of association together with

date and numbers of the trade register gazettes in which amendments are published; publicly disclosed material information; annual reports, periodical financial statements, prospectuses and circulars; agendas of the general shareholders' meetings and list of participants and minutes of the general shareholders' meeting; form for proxy voting at the general shareholders' meeting and mandatory information forms prepared for proxy solicitation or tender offers and similar forms; minutes of the important board of directors' meetings which may affect value of capital market instruments; and frequently asked questions including requests for information, queries and notifications and responses thereof.

The holding's website emphasized the announcement of the planned general shareholders' meeting, agenda items, other information, documents and reports on the agenda items and information on methods of participation in the general shareholders' meeting. However, informative document on agenda items is not prepared.

Holding's web address is printed on its letterhead. On the other hand, the criteria regarding the use of its website are included in the holding's information policy.

The information policy of the holding includes provisions regarding the obligation to inform shareholders about legal or commercial relationships with other enterprises or individuals with whom there is a direct/indirect managerial, administrative, supervisory or ownership related relationship. Nevertheless, the holding has not yet produced any comprehensive reports regarding any social and environmental initiatives.

## **2.2. Public Disclosure of Relations Between the Holding and Its Shareholders, The Board of Directors and Executives:**

In case shareholding or voting right percentage of an individual or group reaches, exceeds or falls below the percentages of total share capital or voting rights, such information is disclosed immediately by the holding.

Board members, executives and shareholders, who directly or indirectly own 5% of the holding's capital, disclose all transactions performed on the holding's capital market instruments.

Commercial and non-commercial transactions between the holding and companies, where board members, executives and shareholders, who either directly or indirectly own at least 5% of the company's capital, possess at least 5% and more of shareholding or having the control of the latter are disclosed to public within the framework of the CMB and ISE norms.

## **2.3. Periodical Financial Statement and Reports in Public Disclosure:**

Periodical financial statements and footnotes are prepared in accordance with the current legislation and international accounting standards and applied accounting policies are included in the footnotes of the financial statements.

The footnotes of the periodical financial statements include all off-balance sheet transactions including contingent claims, all liabilities and operational results that would affect future financial status, liquidity of the holding, investment expenditures, investment sources, all factors that would affect the future relations of the holding with other natural persons and

legal entities which are not within the scope of consolidation.

The signed declaration of the responsible board members that the current periodical financial statements completely reflect the true financial status of the holding, and that the company acts in accordance with the related legislation, is not disclosed in the annual report.

The annual report includes information about the scope of activities of the holding and its status within the sector; information about the sector; board of directors' evaluation and analysis of financial status and operation results; the holding's position with respect to the defined strategic objectives and projects; the board of directors' statement about the status of internal control system; rating agencies' opinions about the holding; a macro analysis of foreseeable risk factors regarding future operations; and an analysis of significant transactions carried out during the preceding year with the group companies and other related persons and institutions; commercial transactions between the holding and companies, where board members, executives and shareholders, who either directly or indirectly own at least 5% of the company's capital, possess at least 5% and more of shareholding or having the control of the latter.

The annual report also includes; the curriculum vitae of the holding's board members and executives; their duties and responsibilities; positions held outside the holding; proportion of shares and amounts invested in the holding's capital; and transactions made between the mentioned persons and the holding and possessions in the holding's capital market instruments.

Additionally, the annual report contains, future forecasts for sales,

holding's level of efficiency, its market share, income yielding capacity of the holding, holding profitability and its debt/equity ratios and similar issues and statistical data and graphics.

However, remuneration, bonuses and other benefits offered to board members and executives; criteria that define such payments and stakes; and performance evaluation of the corporate governance committee are not disclosed in the annual report.

The holding's organization, capital, ownership and its dividend policy are presented in the annual report.

However, payments made to the employees presented as a table showing the name/title, position of the executive and the total value of the payment affected and information about social rights and professional training are not disclosed to public in the annual report.

#### **2.4. Functions of External Audit:**

The agreements and modus operandi with Akis Bağımsız Denetim ve SMMM A.Ş. which is appointed by the holding as their independent auditors comply with the CMB legislation.

Akis Bağımsız Denetim ve SMMM A.Ş., its auditors and other related staff do not provide consultancy services to the holding to which they provide external auditing services within the same period, either in return for a fee or free of charge. There are no legal disputes between the independent auditors and Global Yatırım Holding A.Ş. The audit committee did not play a role in the selection of the audit firm.

#### **2.5. The Concept of Trade Secret and Insider Trading:**

The concept of the trade secret is defined in detail in the human resources policies of the company. When identifying information within the scope of trade secret, a balance was maintained between providing transparency and protecting the interests of the holding and where the stakeholders seek to exercise their rights to obtain information, the holding acts in accordance with the rules of accuracy, reliability and good faith.

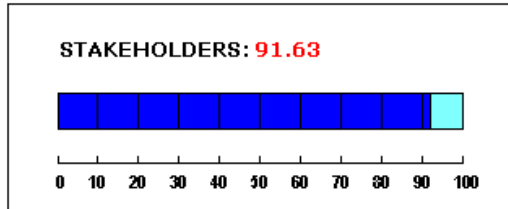
A list of the names of executives and other persons who can potentially possess price-sensitive information is prepared and disclosed to public in accordance with the information policy in the annual report and website.

#### **2.6. Significant Events and Developments That Must Be Disclosed to the Public:**

Global Yatırım Holding A.Ş. complies with the CMB regulation and the rules and regulations of the ISE in disclosure of significant developments.

All developments listed in the Corporate Governance Principles of the CMB are immediately disclosed to the public via the special events communiqués.

## SECTION 3: STAKEHOLDERS



### SYNOPSIS

+	Exercise of stakeholders' rights are facilitated
+	Neither the board of directors nor any of the executives take actions that would cause the holding assets loose value and that would lead to the deliberate loss for stakeholders
+	Efficient human resources policy
+	Comprehensive code of ethics defined and disclosed to public
=	Though there are no preventive applications, no provision in the articles of association regarding the participation of stakeholders in the management of the holding

The corporate governance framework of the holding recognizes the rights of stakeholders established by law and in cases where the rights of the stakeholders are not regulated by the relevant legislation and preserves the interest of stakeholders under good faith principles and within the capabilities of the holding. The holding acts as a pioneer in overcoming and solving any possible conflicts and disputes that may arise between the holding and its stakeholders.

Although there are no preventive implementations, the encouragement of participation of the stakeholders in the management of the holding is not acknowledged in the articles of association of the holding.

Global Yatırım Holding A.Ş. officials declare that neither the board of directors nor any of the executives took any actions that would cause the holding assets loose value and lead to the deliberate loss for stakeholders.

The holding has a detailed human resources policy and training, performance evaluation, and rewarding practices within the framework of this policy are at a satisfactory level.

The ethical codes of the holding are defined in detail and announced to public on the corporate website. These codes determine the standards of practices regarding the legislation, employees, corporate governance principles, the sector, and the competitors; set rules for the prevention of conflicts of interests; and binding for both the employees and the board of directors.

The holding displays sensitivity to its social responsibilities; acts in compliance with its ethical codes and rules with respect to the environment, consumers and public health.

### 3.1. Holding Policy Regarding Stakeholders:

The corporate governance framework of the holding recognizes the rights of stakeholders established by law or through any other mutual agreement. Although there have been no such instances, holding officials declare that effective and swift compensation is offered in case the stakeholders' right; that are governed under the relevant legislation and protected by contracts are violated, that all the necessary facilities, such as compensation

applicable under the legislation, are utilized in order to help the stakeholders benefit from mechanisms; and in case the rights of the stakeholders are not regulated by the relevant legislation, the holding would preserve the interest of stakeholders under good faith principles and within the capabilities of the holding, without permitting any damage to the brand image.

Stakeholders are sufficiently informed about the holding's policies and procedures, which aim to protect stakeholders' rights.

The holding acts as a pioneer in overcoming and solving any possible conflicts and disputes that may arise between the holding and its stakeholders. Stakeholders, including individual employees and their representative bodies, are able to freely communicate their concerns about any illegal or unethical practices to the board and their rights are not compromised for doing this.

### **3.2. Stakeholders' Participation in the Holding Management:**

The encouragement of participation of the stakeholders in the management of the holding is not incorporated in the articles of association of the company. However, a communication network has been established among employees and other stakeholders, and weekly meetings are realized.

Even though there are no provisions in the articles of association regarding the participation of stakeholders in the management of the holding, there are no preventive implementations either. Two members of the board serve as senior managers at the holding and at the group of companies at the same time, having the right to vote as stakeholders. Additionally, it has been declared that participation of employees and shareholders to the

decision-making processes are supported.

### **3.3. Protection of Holding Assets:**

Holding officials also declared that neither the board of directors nor any of the executives have been involved in any instances which would cause the holding assets loose value and lead to the deliberate loss for stakeholders.

### **3.4. Holding Policy on Human Resources:**

The holding has a detailed human resources policy. Recruitment criteria are defined in writing. Each employee is treated on equal grounds in education and promotion and training plans and policies are designed to enhance knowledge, skills and manners of employees. In order to establish a collaborative working environment, the holding conducts regular informative meetings that would enable the holding's personnel to be informed of and to discuss issues such as holding's financial capabilities, remuneration, career planning, training and health. Employees are acknowledged of any significant development or decision taken by the holding that clearly affects them.

Definitions of tasks and their distribution and performance related reward mechanisms and other issues that are vital to the productivity of the employees are determined and disclosed by the executives to the employees. While determining compensation and other benefits, productivity and other factors that are deemed materials are prioritized. Working conditions of the holding's personnel are safe and secure.

Measures are taken in order to prevent race, religion, language, and sex discrimination among the employees and to protect the employees against

any physical, spiritual and emotional mistreatments in the holding.

### **3.5. Relations with Customers and Suppliers:**

The holding took all measures in order to ensure that its customers are fully satisfied with its goods and services it offers. Global Yatırım Holding A.Ş. adheres to the norms of quality standards in the production of its goods or in the offering of its services. Within the scope of trade secret, confidentiality of information relevant to customers and suppliers is respected. The holding took all the necessary measures and precautions in order to establish good relations with its customers and suppliers free from any unfair advantage and to comply with the provisions of the agreements among the parties.

### **3.6. Ethical Rules:**

The ethical codes of the holding are defined in detail and announced to public on the corporate website. These codes determine the standards of practice regarding the legislation, employees, corporate governance principles, the sector, and the competitors; sets rules for the prevention of conflicts of interests; and binding for both the employees and the board of directors.

Ethical rules established by the board of directors will be presented to the shareholders at the first general shareholders' meeting.

### **3.7. Social Responsibility:**

The holding has good relations with public administrations. In 2011, the holding was warned and fined twice for omitting material disclosures. The company officials declared that no sanctions have been affected and there have been no other legal disputes and/or conflicts between the

holding and customers, employees, auditors, banks, public authorities and tax administrations. Ongoing court cases regarding the subsidiaries have been publicized in detail in the annual report. The holding employs four lawyers on its payroll.

Global Yatırım Holding A.Ş. and its subsidiaries maintain a commitment to their responsibilities for bettering the communities of which they are a part. Towards that end, the Group contributes to, and sponsors, educational, charitable, cultural, social and sporting causes, projects and events.

In 2007, the holding sponsored a nationwide Elementary Schools Study Books Support Campaign coordinated by a national newspaper, and has also contributed to a project run jointly by UNICEF and Ministry of Education by constructing two classrooms in Şanlıurfa - Harran. In 2009, the holding completed the construction through its subsidiary Global Ports Holding, of Erzincan University Refahiye Occupational High School İzzet Y. Akçal Refahiye Student Dormitories comprising 40 separate units in three blocks. Further to contributing clothing, study books and stationary to the elementary school of Muş Beşçetak village along with Rotaract Club Association, the holding also donated computers to numerous schools. Ege Liman İşletmeleri A.Ş. ("Ege Ports"), a subsidiary of Global Yatırım Holding A.Ş., in collaboration with the Ministry of Education completed the construction of Adnan Menderes University Tourism and Hotel Management College with 14,000 square meters of closed area. The College, since becoming operational in 2009, nourishes cultivation of qualified human resources for the Turkish tourism industry, and also contributes cultural prosperity of Kuşadası and its environs. Another subsidiary of Global

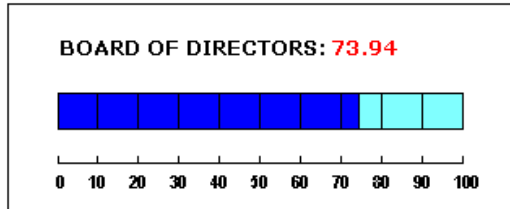
Yatırım Ortaklığı A.Ş. Pera Gayrimenkul Yatırım Ortaklığı A.Ş. has completed the construction of a 32 class elementary school in the town of Denizli.

In the major port city of Kuşadası, Ege Ports, has undertaken initiatives to benefit the community in and around the Port since commencing operations in 2003. Its contributions to the community, in addition to the Adnan Menderes University Tourism and Hotel Management College, have included the donation of computers and other equipment to local schools, funding to rehabilitate local beaches, and technical assistance to Turkish state-run institutions. Further to donations to various charities and regular support to needy, Ege Ports also sponsored local motor sports clubs and provided financial support for re-plantation of forestry damaged in fire.

In addition to these donations and financial sponsorships in collaboration with the Municipality of Kuşadası, Ege Ports has organized, and made its piers and other facilities available for, various public concerts and other social, sporting and cultural events.

The holding, since 2006, provides director's pledges to the Institute of Nautical Archaeology ("INA") of Texas A&M University, a world leader in the field of nautical archaeology, renowned for its central role in recent excavations at the Yenikapı/Marmaray Tunnel excavation in İstanbul (which uncovered Theodosius, the ancient harbor of Byzantium) and the recovery of the Bronze Age Uluburnu shipwreck in the late 1960s which is exhibited in Bodrum Museum of Underwater Archeology.

## SECTION 4: BOARD OF DIRECTORS



### SYNOPSIS

+	The holding's vision, mission and strategic goals are defined
+	The board works efficiently and staffed with qualified members
+	Ethical rules prohibit board members indulging in pressures that would serve against the interests of the shareholders and accepting material gains
+	Two independent members on the board
=	Audit and corporate governance committees been established, efficiency and functionality will be monitored
-	No compliance and liability statement by board members
-	Privilege on nominations of board members and on vetoing certain decisions
-	No provisions in the articles of association defining procedures for shareholders or stakeholders to invite the board to convene
-	Majority of board members are executive, and the chairman and the CEO is the same person
-	No cumulative voting method
-	No performance related incentive program for board members
-	Audit committee not instrumental in appointment of independent auditors

Global Yatırım Holding A.Ş. has defined the vision and mission of the

holding and disclosed it to the public on its web site. Board of directors approves the strategic goals constituted by the executives.

The board of directors' duties and responsibilities are clearly defined in the articles of association of the holding in consistence with its functions and beyond any doubt. Members of the board are jointly liable should they intentionally or unintentionally fail to properly perform their duties assigned to them by legislation, the articles of association and the general shareholders' meeting but they do not have a written declaration in this context.

The ethical rules of the holding dictate that the members of the board cannot indulge in pressures that would serve against the interests of the shareholders, accept any material gains, and disclose holding information that is confidential and/or trade secret.

The board of directors fulfils all its tasks duly and meetings take place with sufficient participation and intervals. However, some shareholder groups have the privilege on nominations of board members along with vetoing certain board decisions.

Another area that calls for improvement is the fact that there are no provisions in the articles of association defining procedures for shareholders or stakeholders to invite the board to convene.

The board of directors is configured to provide the highest level of efficiency and effectiveness.

Out of 7 members of the board, five of them are executive members and



chairman and the CEO is the same person.

There are two independent members on the board, and they have signed declaration of independence.

Holding has not embraced use of cumulative voting in the election of the board members.

Audit and Corporate Governance Committees are established from within the board of directors. Audit Committee has two members and the Corporate Governance Committee comprise of three members, and both committees' presidents are independent. However, compliance to the principle that the majority of the committee members cannot be executive is not yet achieved.

Working procedures of the committees are defined in written, but a full opinion is not formed to assess the functionality and efficiency of the committees. These activities will be observed in the process of rating and monitoring.

#### **4.1. Fundamental Functions of the Board of Directors:**

The holding defined its mission/vision, and disclosed it to the public on the corporate web site. The board of directors approved the strategic goals constituted by the executives.

The board of directors effectively revises the holding's level of success in achieving its goals, operations and past performance. In this context, the holding's operations; approved annual financial and business plans; and compliance with current legislation and international accounting standards in the accountancy of operational results of the holding are audited and identification of the degree of accuracy of the holding related financial information is considered.

The board established internal control and risk management mechanisms that are appropriate for the holding to minimize adverse effects of the risks that the holding may face, which would also negatively affect the shareholders and stakeholders. The board also takes all necessary measures for sound functioning of such mechanisms implemented.

The board of directors has formed audit and corporate governance committees to perform its tasks in a sound manner.

The board of directors assesses whether the executives are well qualified to suit the demands of their positions and seeks measures that would encourage the qualified employees to work for the holding over a long period of time. As the board of directors deems appropriate, it may terminate the employment of executives and may without delay, appoint new executives to replace the former.

Similarly, the board of directors closely monitors and supervises whether or not the holding's operations comply with the relevant legislation, articles of association, and in-house regulations and policies and act as a pioneer in resolving and settling disputes that may arise between the holding and shareholders. In this context, the level of collaboration and efficiency of the corporate governance committee with the investor relations department will be monitored during the surveillance period.

#### **4.2. Principles of Activity and Duties and Responsibilities of the Board of Directors:**

The board of directors' duties and responsibilities are clearly defined in the articles of association of the holding in consistence with its functions and beyond any doubt so as

to distinguish from the authorities and responsibilities of individual board members, executives and general shareholders' meeting. Within this framework, authority and responsibility for each board member and executive are clearly defined, included in the annual report of the holding and disclosed to public thereby.

In order to ensure that the board members perform their duties fully, they are provided with easy access to all kinds of information in a timely manner. If deemed necessary, executives attend the board of directors meetings. Members of the board are jointly liable should they intentionally or unintentionally fail to properly perform their duties assigned to them by legislation, the articles of association and the general shareholders' meeting.

Members of the board do not indulge in pressures that would serve against the interests of the shareholders and not accept any material gains. Board of directors included these matters in the ethical rules of the holding and took measures to ensure that all employees abide thereby. Members of the board can under no circumstances disclose holding information that is confidential and/or trade secret, this matter of confidentiality is incorporated in the ethical rules of the holding. Board members also adopted necessary measures in order to ensure that confidential information does not flow out of the holding by other holding employees as well. During the rating process, we came across to no occurrences of any members of the board exploiting confidential and publicly unavailable information in favor of himself/herself or others; providing information or extending news or making comments that are false, untrue, misleading, and unfounded information about the holding.

On the other hand, members of the board have not declared in writing that they will comply with the legislation, articles of association, in-house regulations and policies, and in case of incompliance, that they would be jointly liable to compensate the loss accrued to the shareholders and stakeholders.

The board of directors adopts a separate decision to approve the periodical financial statements and annual report of the holding. Members of the board are permitted by the general assembly to engage in transactions listed by the 334<sup>th</sup> and 335<sup>th</sup> articles of the Turkish Commercial Code.

Beyond basic functions of the board of directors and in accordance with opinions and suggestions of the committees, the board of directors approves the annual budget and business plans of the holding, prepares the annual report and finalizes the same for presentation at the general shareholders' meeting; ensures that the general shareholders' meeting is conducted in accordance with the legislation and the holding's articles of association; fulfills the general shareholders' meeting decisions; controls the holding's material expenditures exceeding 10% of the total assets value in the most recent balance sheet of the holding; approves the career plans and remuneration of executives, determines policies for shareholders, stakeholders and the public relations; determines the information policy and the ethical rules of the holding; determines the working principles of the committees; and ensures them to work effectively and efficiently.

First meeting of the board of directors was held within one week following the general shareholders' meeting. In principle, each member of the board attends all meetings. The board of

directors convenes on regular basis at least once a month, as planned in advance, and if necessary more often without any delay.

All resolutions of the board meeting are recorded in the meeting minutes. Procedures for invitation of the members of the board to the meeting and organization thereto are designed so as to allow the board members to be properly prepared for such meeting.

Documents and information about the agenda items of the meeting are submitted to the members of the board on time for inspection and the means for delivering the documents for the board of directors meeting are incorporated in the company's internal regulations in writing.

Each member is entitled to a single vote at the board meetings. However, four out of seven members of the board are nominated only by privileged Group A, D, and E shareholders'. Additionally, one of the remaining 3 members nominated by the unprivileged shareholders must be approved before the election by the Group A shareholders. Also, some board decisions mentioned in detail at the articles of association should be approved by Group A shareholders. These privileges constitute a clear mismatch in the context of corporate governance principles.

On the other hand, there are no provisions in the articles of association defining procedures for shareholders or stakeholders to invite the board to convene.

The board of directors meeting and decision quorum are included in the articles of association. A secretariat is established under the responsibility of the board chairman in order to serve the board of directors and to keep documents related to the board

meetings in order. The secretariat basically engages in communication between members of the board; makes preparations for the board meetings and committee meetings; keeps the minutes of the meetings; records and archives all communications made by the board of directors, including announcements. Records kept by the secretariat are made available for inspection by the board of directors.

#### **4.3. Formation and Election of the Board of Directors:**

The board of Global Yatırım Holding A.Ş. is structured so as to optimize effect and efficiency thereof. General rules in this respect are incorporated in the articles of association of the holding. None of the board members have been convicted or sentenced for non-conformity with the capital markets legislation or the Turkish penal code.

The board of directors is comprised of seven members of whom five are executive. The chairman of the board and the CEO is the same person.

The board includes two independent members who have the ability to execute their duties without being influenced under any circumstances and they have signed a declaration of independence.

The cumulative voting system is not adopted in the election of the board of directors.

#### **4.4. Remuneration of the Board of Directors:**

Compensation for the members of the board of directors is determined by the general shareholders' meeting so as to counterweigh the time invested and performance of membership duties as a minimum.

Incentive remunerations of the board of directors are not based upon the performance of the members of the board in connection with the performance of the holding. The corporate governance committee does not propose any suggestions on this issue.

#### **4.5. Number, Structure and Independence of the Committees Established by the Board of Directors:**

Audit and Corporate Governance Committees are established from within the board of directors. Audit Committee has two members and the Corporate Governance Committee comprise of three members, and both committees' presidents are independent. However, a compliance to the principle that the majority of the committee members cannot be executive is not yet achieved.

All committee records are kept in writing. Likewise, both committees' working principles are defined in writing.

We did not develop a conclusive opinion about the functionality and efficiency of the committees and these activities will be observed in the process of rating and supervision.

#### **4.6. Executives:**

The executives of Global Yatırım Holding A.Ş. ensure that the holding conducts its business within the framework of its mission, vision, goals, strategies and policies. They act in accordance with the financial and operational plans of the holding as approved by the board of directors each year, are adequately authorized to perform their duties, and have the required professional qualifications in order to perform the assigned duties. The executives do not exploit holding related confidential and publicly

unavailable information in favor of himself/herself or others. Furthermore, holding officials have declared that none of the executives have been convicted of non-conformity with the capital market legislation and the Turkish Commercial Code.

Provisions dictating that executives should compensate the losses incurred by the company and third persons as a result of not performing their duties duly have been included in holding rules and regulations.

## Rating Definitions

Rating	Definition
9 - 10	The holding performs <b>very good</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The holding's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated.
7 - 8	The holding performs <b>good</b> in terms of Capital Markets Board's corporate governance principles and has qualified to be included in the ISE's (Istanbul Stock Exchange) Corporate Governance Index. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated.
6	The holding performs <b>fair</b> in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The holding performs <b>weakly</b> as a result of poor corporate governance policies and practices. The holding has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The holding performs <b>very weakly</b> and its corporate governance policies and practices are overall very poor. The holding shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.