

## GLOBAL INVESTMENT HOLDINGS

### CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

#### 1. Statement of Compliance with Corporate Governance Principles

Global Investment Holdings (“GIH”) pays utmost attention for implementing the Corporate Governance Principles published by the Capital Markets Board of Turkey (“CMB”).

To this end, the Company continually strives to achieve the highest corporate governance standards and is working diligently towards implementing some of the stipulations specified as recommendations in the Corporate Governance Principles. The requirement of incorporating at least 2 Independent Members in the Board of Directors, which is stipulated by the Company’s Corporate Governance Principles, has been fulfilled. Thus, another step has been taken toward implementing the recommendation of constituting at least 1/3 of the Board of Directors from Independent Members.

Shareholders can find the comprehensive and updated information on GIH's web site, also they can ask their questions to the Investor Relations Department by phone, e-mail and through social media.

GIH continue to necessary revisions by examining the web site and the annual report in more detail in terms of Corporate Governance Principles. The Board of Directors, senior management and all employees of GIH have always supported the adoption of the Corporate Governance Principles within the Company at every stage of the process.

#### Reasons for non-complied Corporate Governance Principles

The Company’s articles of incorporation contain no provisions stipulating that material decisions such as “demergers and share exchanges, buying, selling, or leasing substantial amounts of tangible/intangible assets, or donation and grants, or giving guarantees such as surety ship, mortgage in favor of third parties” are required to be taken at a general meeting. The underlying reason is that the nature of the business in which the Company is involved requires it to buy, sell, and lease quite frequently. Having to hold a general meeting every time such a transaction takes place is considered to be impossible and so no such article has been included in the articles of incorporation. This practice is refrained from in order to ensure that deals are made quickly and to prevent opportunities from being missed.

The preferred stock groups in our Company's Articles of Association was created before its IPO and our company is not authorized to amend these privileges. Within this scope, our privileged shareholders made an application to CMB in July 2010 in order to abrogate this privileges but CMB took a decision to reject this application in November 2010.

That the Articles of Association entitle shareholders to appoint a special auditor, and that there is no additional provision on minority rights: Regarding this matter, our company is of the conviction that the framework provided for by the Turkish Commercial Code and the CMB regulations is ample.

Cumulative voting: The Company does not make use of the cumulative voting method. However, the representation to be provided by cumulative voting on the Board of Directors is achieved by the presence of independent members on the Board.

## **GLOBAL INVESTMENT HOLDINGS**

**MEHMET KUTMAN**  
Chairman

**SERDAR KIRMAZ**  
Executive Board Member

### **I. SHAREHOLDERS**

#### **2. Investor Relations Unit**

The Company complies with the legislation, Articles of Association and other Company regulations on the matter of exercise of shareholder rights and takes necessary measures to facilitate the exercise of these rights.

The Shareholder Relations Unit was established in to monitor relations between shareholders and the Company and to ensure that the requirements pertaining to shareholders' rights concerning access to information fully met.

Information on the department that handles GIH's relations with shareholders are presented below:

**Department Director:** Selran Baydar

**Address:** Rihim Cad. No: 51 Karaköy 34425 İstanbul

**Phone:** +90 212 244 60 00

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**E-mail:** [investor@global.com.tr](mailto:investor@global.com.tr)

Main activities carried out by the Investor Relations are summarized below:

Ensuring that shareholder records are kept accurately, reliably and up-to-date; Responding to written or verbal information requests from shareholders, potential investors, stock analysts, legal bodies (Capital Markets Board, Istanbul Stock Exchange, Central Registry Agency, etc.) and financial publication houses about the Company, unless the requested information is publicly unavailable, confidential or a trade secret; ensuring that information is simultaneously made available to everyone in a consistent manner and updating existing information; Preparing and sending out material disclosures to the Public Disclosure Platform (PDP); Reviewing all Company announcements and preparing the announcements about financial results; Updating the Investor Relations website, which was created in order to provide information to shareholders and

potential investors; and using electronic communication resources; Creating a database of domestic and foreign institutional investors and equity and industry analysts; Representing the Company in investor relations meetings with existing and potential investors and analysts in Turkey and abroad; Examining and monitoring analyst reports; Monitoring significant developments and statistics about the sector; Taking necessary measures to ensure that the General Assembly meetings are held in compliance with legislation in force, the Company's Articles of Association and other Company regulations; Preparing the documents that will be beneficial to shareholders for General Assembly meetings; Ensuring that meeting minutes are sent to shareholders; Monitoring and overseeing every aspect of the public disclosure process for compliance with legislation.

### **3. Exercise of Shareholders' Right to Obtain Information**

Queries, other than those relating to trade secrets and undisclosed information, received from shareholders and analysts by the Capital Markets and Investor Relations Department by letter, phone, email and other means are answered in the fastest and most effective way possible upon contacting the relevant person with the highest authority on the related matter. Furthermore, current and retrospective information and developments relating to GIH that are of interest to shareholders are regularly communicated to the concerned parties by the corporate website both in Turkish and English languages. They are also regularly communicated to those registered to our database via emails. A large number of information requests received by GIH in the relevant period were answered.

Concerning the use of the rights of shareholders in 2010, any complaint was conveyed to our Company or there wasn't any examination/ investigation about our Company including the request for the appointment of a special auditor.

### **4. Information on General Assembly**

The Ordinary General Assembly meeting of shareholders regarding the Company's 2010 activities was held on May 27, 2011. The Company's share capital as of the date of the meeting, 32.16% were represented at the Ordinary General Assembly meeting.

The invitation for the meeting including the meeting date and agenda has been made within due time as set out in the law and the Company's Articles of Association by being published in the Turkish Trade Registry Gazette, two national newspapers and ISE daily bulletin.

Before the general meeting, the annual report and financial statements were made available for the inspection of shareholders at the Company's headquarters. All of this information was also published on the corporate website together with the general meeting announcement and agenda.

In the General Assembly meeting, shareholders used their rights to ask questions and all questions were answered by Board of Directors.

### **5. Voting Rights and Minority Rights**

There are four different types of shareholders in our Company's capital. Shares in Groups A, D and E have privileges, and shares in Group C have no privilege. According to the Articles of Association; two of the Directors will be elected from among the nominees of the shareholders in Group (A), one Director from among the nominees of the shareholders in Group (D), and one Director from among the nominees of the shareholders in Group (E). For one seat in the Board of

Directors, all of the shareholders will have the right of nomination; however, in order to be eligible for election to the Board of Directors by the General Assembly of the Shareholders, such nominations must have been approved by the shareholders in Group (A) prior to the election.

The share capital of the Company does not involve any cross-shareholdings.

The Company's Articles of Association contain no provisions governing the cumulative voting method.

## **6. Dividend Policy and Timing of Distribution**

Profit distribution date will be determined by the General Assembly of Shareholders upon proposals of the Board of Directors in accordance with the provisions of the Capital Markets Law and communiqués of the Capital Markets Board.

The Board of Directors may distribute an interim dividend provided that there has been a decision of the general assembly giving such authority to the Board of Directors and the distribution is in accordance with the Article 15 of the Capital Market Law and the Communiqué of the Capital Markets Board. The decision of the general assembly giving such authority to the Board of Directors is limited to the current year. A decision shall not be made to make additional interim dividends or to distribute dividends prior to entering into the accounts the interim dividends paid in the previous period.

## **7. Transfer of Shares**

The Company's Articles of Association do not contain any provisions that make it difficult for the shareholders to freely transfer their shares.

# **II. PUBLIC DISCLOSURE AND TRANSPARENCY**

## **8. Information Disclosure Policy of the Company**

The Board of Directors is responsible for implementation, improvement and pursuit of Public Disclosure Policy. The observation and follow-up of all kinds of issues relating to public disclosure is under the responsibility of executives in charge of financial management and reporting, and Investor Relations Directorate. These executives perform their duties in close cooperation with Corporate Governance Committee, Audit Committee and Board of Directors.

The Investor Relations Department is responsible for overseeing and monitoring all issues related to public disclosures. Questions received from outside the Company are responded to in the shortest amount of time possible by the CEO, CFO, Legal Advisor or within the knowledge of and authorization limits set by the CEO, the CFO and Legal Advisor, by the Investor Relations Department. The Company keeps a record of all questions received in writing and the responses provided by the Company. All correspondence and meetings with capital markets participants are carried out by the Investor Relations Department.

In quarterly periods, following public disclosure of financial statements of the relevant period, a press statement summarizing the financial situation of the GIH will be issued and published.

## **9. Material Disclosures**

Developments that have the potential to impact the value of the Company's capital markets instruments are announced to the public in an expedited basis within the timeframe stipulated by legislation.

## **10. The Company Website and its Contents**

As stipulated by CMB Corporate Governance Principles, the Company website is actively used in public disclosures. All matters related to the Investors Relations Department are posted on the [www.globalyatirim.com.tr](http://www.globalyatirim.com.tr) website. In addition to Turkish, all information on the Company website is also presented in English for the benefit of foreign investors.

The main headings covered on the website are listed below:

- Detailed information on corporate identity
- Vision and mission
- Information on the members of the Board of Directors and Company's senior management
- Company ownership structure
- The Company's Articles of Association
- Trade registration data
- Financial data, annual and interim activity reports
- Press releases
- Regulatory disclosure of material events
- Share performance and calculator
- Investor presentations
- Date and agenda for the General Assembly meeting and General Assembly information document
- Minutes and attendance sheet of the General Assembly meeting
- Proxy sample
- Governance Principles Compliance Report
- Dividend policy
- Disclosure policy
- Frequently asked questions
- Corporate Social Responsibility

## **11. Disclosure of the Company's ultimate controlling shareholders**

Changes in capital structure and capital structure of the company, are publicly disclosed in accordance with relevant legislation. Our Company's shareholder structure can be reviewed on our website.

## **12. Public Disclosure of Insiders**

GIH is in complete compliance with rules governing insider trading as per capital market and related laws, regulations, and administrative provisions and takes all necessary measures to fulfill its responsibilities thereunder. For this purpose GIH formulated an “Insider Trading Policy”. The list of insiders has also been publicly disclosed on the corporate website.

### **III. STAKEHOLDERS**

## **13. Informing Stakeholders**

The Company’s corporate governance practices and code of ethics ensure the protection of the rights of stakeholders as stipulated in legislation or mutual agreements. Stakeholders are continually kept informed within the framework of the Company’s Information Disclosure Policy, established with respect to governing legislation and the Company’s code of ethics. In addition, the Company aims to provide information to all stakeholders via press bulletins, annual reports, Company website and other practices within the framework of the Company’s transparency-oriented Information Disclosure Policy. For the Company’s employees, the Intranet, which is the intra-Company information sharing platform, is used actively.

## **14. Participation of Stakeholders in Management**

The Company does not have a formal model or mechanism for the participation of stakeholders in management. However, Independent Board Members allow the representation of all stakeholders, as well as the Company and the shareholders, in management.

## **15. Human Resources Policy**

Organizational structures are developed, human resources requirements are identified and workforce plans are formed in accordance with the strategic plans, areas of business and needs of GIH.

Employees are expected to improve themselves and their jobs. The Company’s objective in this regard is to provide the basic means needed in the development process. All employees are provided with equal opportunities in terms of personal development.

The Company’s human resources policy is set down in writing and covers all issues related to hiring, promotion, dismissal, compensation, training, career planning, and performance evaluation.

## **16. Information about Relations with Customers and Suppliers**

Our company is a holding company that has not a direct relationship with customers and suppliers.

## **17. Social Responsibility**

The Company expends maximum effort to be sensitive to its social responsibilities in its operations. It complies with all regulations regarding the environment, consumer and public health, as well as ethics rules, and directs and supports its subsidiaries to behave in the same manner.

The subsidiary of Global Investment Holdings, Pera Gayrimenkul Yatırım Ortaklığı A.Ş. (“Pera REIT”) completed the construction of a 32 class elementary school in the town of Denizli in 2011.

Targeting to widen its support to education all along Turkey, Global Investment Holdings has completed in 2009 the construction through Global Ports Holding, which is one of its subsidiaries, of Erzincan University Refahiye Occupational High School İzzet Y. Akçal Refahiye Student Dormitories comprising 40 separate units in three blocks.

## **IV. BOARD OF DIRECTORS**

### **18. The Structure and Formation of the Board of Directors and Independent Members**

The names of the Members of the Board of Directors who were appointed in accordance with the Company’s Articles of Association are presented below:

**Mehmet Kutman** - Chairman / Executive Member

**Erol Göker** – Vice Chairman / Executive Member

**Ayşegül Bensele** – Member / Executive Member

**Gregory Michael Kiez** – Member / Executive Member

**Serdar Kırmaz** – Member / Executive Member

**Adnan Nas** – Independent Board Member

**Jerome Bernard Jean Auguste Bayle** - Independent Board Member

Board members Adnan Nas and Jerome Bernard Jean Auguste Bayle are independent members who satisfy CMB corporate governance principles pertaining to independence criteria.

No restrictions are imposed on board members’ undertaking one or more duties outside the Company.

### **19. Qualifications of board members**

The minimum qualifications required of members of the Board of Directors coincide with those stipulated in articles 3.1.1, 3.1.2, and 3.1.5 of section IV of the CMB’s corporate governance principles.

### **20. Mission, vision, and strategic goals of the Company**

GIH’s mission, vision, objectives, and values are publicly disclosed on the corporate website.

Vision: Global Investment Holdings aims to become a leader in its operations, to initiate new and innovative projects with growth potential and to become a pioneer in developing and evolving business environment in Turkey.

Mission: The holding is committed to develop portfolio of competitive companies, within the sectors in which it operates, with strong and healthy growth prospects in conformity with International standards. The Holding is also responsible from updating strategies for its subsidiaries, along the lines of changing local and global environment, as to ensure their quick adaptations to changing business conditions and help their continuous growth.

## **21. Risk Management and Internal Audit Mechanism**

The Board of Directors of GIH has created a risk management mechanism within the Company to measure existing and potential risks and to deal with them. Embodied in this mechanism are controls that have been developed so as to identify the maximum risks to which the Company may become exposed in aggregate as well as on an individual unit basis and to take such measures as are needed for them. The Board of Directors of GIH is responsible for the creation and reliable operation of a risk management and internal control mechanism that will minimize the impact of risks on the Company.

## **22. Authorities and responsibilities of board members and executives**

The authorities and responsibilities of the Board of Directors are defined in the Company's Articles of Association in a manner that is consistent with the Board's functions, that does not leave room for any doubt and that is clearly distinguishable and identifiable from the authorities and responsibilities of the General Assembly.

Besides the functions set forth in the articles of association, the Board of Directors also fulfills the following functions listed among the functions of the Board of Directors in the Corporate Governance Principles of the Capital Market Board:

- The Board of Directors continuously and efficiently revises the degree of achievement of the objectives by the Company, activities and past performance of the Company. While revising the same, the Company tries to comply with the international standards on any matter. If required, the Board of Directors takes measures without any delay and problem. Effective revision refers to detection of compliance with the applicable laws and regulations and international accounting standards in reflection of the Company's activities, degree of achievement of the objectives by the Company; financial status and activity results in the accounting records and the degree of accuracy of the financial information regarding the Company.
- The Board of Directors establishes a risk management and internal control mechanism, minimizing the risks which may adversely affect the interest holders of the Company particularly the shareholders and the Company may encounter; and takes necessary measures for effective operation of such a system.
- The Board of Directors forms committees in order to fulfill its functions and responsibilities in a sound manner.
- The Board of Directors takes measures and applies incentives to ensure that the qualified personnel would serve the Company for a long term. If required, the Board of Directors removes the managers from office without any delay and appoints appropriate and qualified managers in lieu of the removed ones.
- The Board of Directors acts as a leader in elimination and settlement of the disputes which may arise between the Company and the shareholders.
- The Board of Directors shall ensure full compliance with the laws, regulations, provisions of articles of association, intra-company arrangements and the policies established in exercising the shareholders' rights; and for this purpose, the Board of Directors shall act



in close cooperation with the Corporate Governance Committee and Investor Relations Department established in the body of this committee.

### **23. Operating Principles of the Board of Directors**

Agendas for board meetings are determined in line with the requests of the chairman and other members. Requests coming from company management are also influential in determining meeting agendas.

Company's Articles of Association sets out that board meetings will be held as and when deemed necessary, and at least once a month.

### **24. Prohibition on doing business or competing with the Company**

As required by corporate governance principles, in the event of any violation of the prohibition on board members' doing business or competing with the Company, the potential conflicts of interest will be publicly disclosed.

### **25. Code of ethics**

GIH's code of ethics has been written up and published on the corporate website within the framework of its public disclosure policy. The utmost care is given to ensure that the code of ethics formulated for the Company, its board members, and its employees is complied with.

### **26. Number, structure, and independency of committees established by the Board of Directors**

The Board of Directors of GIH has set up a corporate governance committee and an audit committee in line with Capital Markets Board corporate governance principles.

#### **Corporate Governance Committee**

The Committee is responsible for monitoring the Company's compliance with corporate governance principles and for making proposals to the Board of Directors in relation to appointments to be made at the Company.

Jerome Bayle serves as the head of the Corporate Governance Committee, and he has been elected from among independent members. The other members of the committee is Ayşegül Bensele and Greg Kiez.

Attention is paid to ensure that the qualifications of the Committee members comply with those required of the Board members as set forth in the Corporate Governance Principles. The Corporate Governance Committee is required to meet at least four times a year.

The Committee carries out its activities in line with the operating principles put into writing in detail. The activities carried out by the Corporate Governance Committee are presented below:

- Establishing corporate governance principles across the Company,
- Offering recommendations pertaining to the structure and effectiveness of the Board of Directors,
- Evaluation of the structures and operation of the Committees and making recommendations about the same,

- Reviewing the activities of the Investors Relations Unit and presenting recommendations in this context.

### **The Audit Committee**

Adnan Nas serves as the head of the Audit Committee and he has been elected from among independent members. The other member of the committee is Serdar Kirmaz.

The Company's Articles of Association set forth that the Audit Committee must meet at least four times a year (at least once in each quarter).

The management secretariat is responsible for keeping records of the decisions taken by the Committee, as well as the minutes of its meetings.

The Committee carries out its activities in line with the operating principles put into writing in detail. The Audit Committee;

- monitored the Company's financial and operational activities,
- oversaw existing and potential risks,
- oversaw and approved the accuracy of financial statements, their compliance with the laws and transparency
- followed-up on the effectiveness and performance of the independent audit activity,
- supervised the internal audit function and its effectiveness,
- held meetings with independent auditors,
- monitored the efficiency and adequacy of the internal control system,

### **27. Remuneration of the Board of Director**

The monthly salary determined at the General Meeting in 2011 for Board members is TL 6.000 and for independent auditors is TL 3.000.