

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## PART I - DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Doğan Şirketler Grubu Holding A.Ş. ("Doğan Holding" or "the Company") exerts maximum care to comply with the Capital Markets Law ("Law") and the Capital Markets Board ("CMB")'s Regulations and Resolutions, and embraces the concepts of fairness, transparency, accountability and responsibility, which form the essence of corporate governance.

To this end, Doğan Şirketler Grubu Holding A.Ş. has been included in the Borsa İstanbul Corporate Governance Index ("XKYUR") since November 4, 2009. The Company is given an annual corporate governance rating every year by SAHA Corporate Governance Rating Company ("SAHA") licensed by the Capital Markets Board, in line with the rating methodology outlined by the CMB. The Company's Corporate Governance Rating and Corporate Governance Compliance Reports are available on the Company's website at [www.doganholding.com.tr](http://www.doganholding.com.tr).

The Corporate Governance Committee continues its efforts to improve the Company's corporate governance activities. As of the activity period that ended on 31.12.2016, the Company complies with all compulsory Corporate Governance Principles ("Principles") of the CMB and the Communiqué. Furthermore, utmost attention is paid to comply with the non-compulsory principles of the Law and the Communiqué. As explained in this report, we think there will not be any significant conflicts of interest in the current situation regarding the non-compulsory principles with which the Company has not yet fully complied.

Best regards,



**Yağmur Şatana<sup>1</sup>**  
Board Member and Deputy CEO



**Yaşar Begümhan Doğan Faralyalı**  
Chairwoman

<sup>1</sup>He was appointed on February 20, 2017.

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## PART II - SHAREHOLDERS

### 2.1. Investor Relations Department

2.1.1. In order to ensure that the tasks stipulated in the Communiqué, the name of the "Shareholder Relations Unit" that was established on 18.03.2009, was changed to the "Investor Relations Department" with our Board of Directors decision dated 22.07.2014. The Investor Relations Department carries out its activities in conformity with CMB regulations, the Communiqué and the Articles of Association.

The Company's Investor Relations Department employs expert personnel and well-experienced professionals in the fields of investor relations, legal and financial affairs. The Investor Relations Director of the Company works under the Chief Financial Officer. The Vice President of Financial Affairs Dr. Murat Doğu is the Head of Investor Relations Department, and the Investor Relations Director Banu Çamlıtepe works full time in the Investor Relations Department. The Investor Relations Department's contact info is given below.

Full Name	Title	Telephone Number	E-mail	License Certificate Type	License No.
Dr. Murat Doğu	Financial Affairs Vice President - Head of Investor Relations	0216 556 90 00	mdogu@doganholding.com.tr	CMB Advanced License - Corporate Governance Rating Expertise	200065-700026
Banu Çamlıtepe	Investor Relations Director/Investor Relations Department	0216 556 90 00	banuc@doganholding.com.tr	CMB Advanced License - Corporate Governance Rating Expertise	203041-701087

Information about our Company, provided on the Company's Corporate Website ([www.doganholding.com.tr](http://www.doganholding.com.tr)), is regularly updated and presented for the information of the investors and shareholders both in English and in Turkish.

As per the Communiqué the Investor Relations Department must prepare and present a report to the Board of Directors at least once a year about the activities it carries out. In 2016, three presentations were made to the Board of Directors regarding share performances and investor meetings, and furthermore, Investor Relations Department's 2015 activities were presented to the Board of Directors with the report issued in March 2016.

### 2.2. Exercise of Shareholders' Right to Obtain Information

2.2.1. In the exercise of shareholders' rights, the Company complies with the relevant Legislation, the Articles of Association and other Company Regulations, and thus all measures are taken to ensure that these rights are exercised.

2.2.2. The Company treats all shareholders, including minority and foreign shareholders, in line with the "principle of equal transaction" as regards the exercise of shareholders' right to obtain and evaluate information.

In 2016, investors' and shareholders' information requests - apart from those that interfere with trade secrets - were answered within the framework of "equality principle" in conformity with the Capital Markets Legislation and CMB Regulations and Decisions. Within this scope, 48 analyst and investor meetings and teleconferences were organized with investment corporations' representatives. Information requests about various issues made by the shareholders via phone, email or other methods were evaluated and answered rapidly and effectively. In 2016, information was given to 128 shareholders via phone; and five emails were answered.

2.2.3. Presentations that include the developments about the Company and financial information, and all kinds of information that may have impacts on exercising investor and shareholder rights are regularly updated and announced on the Company's Corporate Website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

In 2016, neither did our Company receive any written/verbal complaints about using the shareholders' rights, nor were there any administrative/legal proceedings.

As regards the lawsuits filed by investors (seven individuals) regarding the Company's en bloc acquisition of the assets and liabilities of its subsidiary Doğan Yayın Holding A.Ş. and the ensuing merger under the umbrella of the Company, in case an important and/or extraordinary development arises in the course of these lawsuits, the necessary material disclosure will be issued via the Public Disclosure Platform (PDP) in line with the Capital Markets Legislation. The said material disclosures are available on the corporate web site of PDP ([www.kap.org.tr](http://www.kap.org.tr)), and/or the Company's corporate website at ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

### 2.3. General Assembly Meetings

2.3.1. In order to facilitate the attendance of the shareholders, General Assembly meetings are held in Istanbul where the Company Headquarters is located.

2.3.2. Prior to the General Assembly meetings, the agenda items and the detailed General Assembly Information Document, which specifies the reasons behind the agenda items, and the Proxy Voting Form are presented – within the legally specified time before the meeting – for the shareholders' information and review in accordance with the Turkish Commercial Code, Capital Markets Law, CMB's relevant communiqués, regulations and decisions, and the Communiqué. All ads and notifications are made pursuant to the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB Regulations/Decisions, Borsa Istanbul and Central Registry Agency (CRA) regulations, as well as the Articles of Association.

2.3.3. The General Assembly meetings are organized in a way that will ensure the attendance of the maximum number of shareholders. General Assembly Meetings are also organized online.

2.3.4. General Assembly meetings are carried out with the simplest possible procedures, at the lowest possible cost for the shareholders and in a manner that does not create any inequality among shareholders.

2.3.5. The Company does not have any registered shares. All of our share certificates are dematerialized with the Central Registry System (CRS) as per Capital Markets Legislation, Capital Markets Law, and CRA regulations/resolutions.

2.3.6. The Company's 2015 activity results were discussed at the Ordinary General Assembly Meeting held on March 31, 2016 at the Company Headquarters. Call for the meeting was announced in conformity with the Articles of Association via Turkish Trade Registry Gazette and Public Disclosure Platform.

2.3.7. Prior to the General Assembly Meeting, no proposal regarding the agenda items or no request to add an agenda item was made.

2.3.8. The Chairman of the meeting did make the necessary preparation on the documents that were made available for the shareholders review prior to General Assembly Meetings as per the Turkish Commercial Code, Capital Markets Law and the relevant legislation.

2.3.9. At the General Assembly meetings, votes were cast through open ballot, by raising hands. Voting procedures were announced to shareholders through the General Assembly Information Document in the announcement, and at the beginning of the meeting.

2.3.10. The following documents issued regarding the Ordinary General Assembly Meeting such as; January 1, 2015 - December 31, 2015 accounting period's Balance Sheet and Profit & Loss Statements (with other tables and footnotes "Financial Report"), Board of Directors' Annual Report, Board of Directors' proposal on the profit of 2015 period, Call for the General Assembly, Independent Audit Report, General Assembly Information Document and Proxy Voting Form, and all information notes that include necessary statements/disclosures within the scope of the Communiqué, were made available – in conformity with the Capital Markets Board Regulations and Decisions, and the Articles of Association of the Company – for the shareholders review three weeks prior to the Ordinary General Assembly Meeting, and were publicly announced on the Corporate Website ([www.doganholding.com.tr](http://www.doganholding.com.tr)). Shareholders' questions received after announcing the General Assembly Meeting date, were answered by the Investor Relations Department in conformity with the Capital Markets Legislation, Capital Markets Law, and Capital Markets Board regulations/decision.

2.3.11. At the Ordinary General Assembly Meeting held on the March 31, 2016 where 2015 activities were discussed, the meeting quorum was 71.64%, and 1,874,701,821.876 shares out of 2,616,938,288 shares representing the company capital were represented.

2.3.12. Shareholders, some of the members of the Board of Directors, company employees and representatives of independent audit company attended the General Assembly Meetings. However, other stakeholders and representatives of media companies' preferred not to attend the meetings.

2.3.13. At the General Assembly meetings, agenda items were conveyed in an objective and detailed manner with a clear and comprehensible method while the shareholders are given the opportunity to state their opinions and ask questions under equal circumstances in a healthy environment for discussion.

2.3.14. As per the Communiqué, shareholders must be given information at the Ordinary General Assembly meeting about whether the shareholders who control the management of the Company, Board of Directors' members, executive managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree engage in any important transaction with the Company or its subsidiaries which may lead to conflicts of interest, or whether the aforementioned persons engage in any transaction related to a commercial business that is within the scope of the corporation or its associate's field of activity, for their own account or for the account of others or whether they become unlimited partners in other companies carrying out similar commercial businesses. At the meeting, the issue is included in the agenda as a separate item, detailed information is provided

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on the issue and registered in the meeting minutes. In 2015, the shareholders (who control the management of the Company), Board of Directors' members, executive managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree did not make any important transaction with the Company or its associates which may lead to conflicts of interest, or the aforementioned persons did not make any transaction, related to a commercial business that is within the scope of the corporation or its associate's field of activity, for their own account or for the account of others or they did not become unlimited partners in other companies carrying out similar commercial businesses.

2.3.15. At the Ordinary General Assembly Meeting, which held on March 31, 2016 about 2015 activities, the TL 3,556,179.50 donation made by the Company in 2015 to foundations, associations, and public entities were presented for the shareholders' information. The Company's "Donation and Aid Policy" is available on the corporate website.

2.3.16. General Assembly Meeting minutes, including the previous years, are available on the Company's corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

### 2.4. Voting Rights and Minority Rights

2.4.1. The Company avoids practices that make it difficult to exercise voting rights; all shareholders are given the opportunity to exercise their voting rights in the easiest and most convenient manner.

2.4.2. There is no regulation in the Articles of Association about any "upper limits" to be brought to the voting rights.

2.4.3. There are no privileged shares at the Company according to the Articles of Association.

2.4.4. According to the Articles of Association, all shares have one voting right at the Company.

2.4.5. There is no Company regulation that restricts the exercise of shareholder's voting rights for a certain period of time following the acquisition date of shares.

2.4.6. The Articles of Association do not contain any provision that prevents non-shareholders from voting as proxy as representative of a shareholder.

2.4.7. Shareholders have not expressed a demand concerning the representation of minority shares in management.

2.4.8. According to the Articles of Association, when the right of usufruct and the right of disposition of a share belong to different individuals, these individuals can agree among themselves on their preferred method of representation. Otherwise, the holder of the right of usufruct is entitled to participate in the General Assembly and cast a vote.

2.4.9. Since shareholders do not have cross-shareholding relations among themselves, no such vote was cast at the General Assembly.

2.4.10. Minority rights are granted to shareholders who control one - twentieth (5%) of the Company capital.

2.4.11. Articles of Association do not provide for the cumulative voting method.

### Dividend Rights

The Company reaches dividend distribution decisions and distributes dividend in line with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, tax laws, provisions of other applicable legislation, as well as the Articles of Association, and resolutions of the General Assembly. The principles of our Dividend Distribution Policy are based on the Dividend Distribution Policy as disclosed to the public.

2.4.12. In case there is net distributable profit for the period, Dividend Distribution is made within the time frame stipulated in the Capital Markets Legislation and the CMB Regulations, at the shortest time following the general assembly meeting.

2.4.13. At the Ordinary General Assembly on March 31, 2016, it was resolved that no dividend would be distributed to shareholders for the year 2015 since the dividend distribution statement issued for the accounting period January 1, 2015 - December 31, 2015 has no distributable profit for the period.

2.4.14. According to the Company's Articles of Association, the Board of Directors may decide to make advance dividend payments; provided that it is authorized by the General Assembly and that such action complies with Article 20 of the Capital Markets Law, and the Capital Markets Board's related regulations. The authority granted by the General Assembly to the Board of Directors to make advance dividend payments is limited to the year it was granted. No decision can be made for additional advance dividend payments or distribution of dividends unless advance dividends for the previous year have been fully offset.

The principles of our Dividend Distribution Policy are as follows:

The Company may take dividend distribution decisions and distribute dividend in line with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, tax laws, provisions of other applicable legislation, as well as the Articles of Association, and resolutions of the General Assembly.

Accordingly:

1- As a principle, at least 50% of the "net distributable profit for the period" calculated as per Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions is to be distributed, in consideration of the financial statements issued in compliance with the Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions.

2- In case it is decided to distribute between 50% and 100% of the "net distributable profit" as dividend, the financial statements, financial structure, and the budget of the Company are taken into consideration when determining the dividend distribution ratio.

3- The dividend distribution proposal is disclosed to the public as per Capital Markets Legislation, Capital Markets Law, and CMB regulations and resolutions, within the legal deadlines.

4- In case the "net distributable profit" calculated in line with the legal records kept within the scope of the Turkish Commercial Code and the tax laws is:

- a. lower than the amount calculated as per Article 1, the "net distributable profit" calculated as per the legal records kept within the scope of this article hereby is taken into account and is distributed in its entirety,
- b. higher than the amount calculated as per Article 1, action is taken as per Article 2.

5- In case there is no net distributable profit as per the legal records kept within the scope of the Turkish Commercial Code and tax laws; no dividend distribution can be made even if a "net distributable profit" has been calculated according to the financial statements prepared as per the Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions.

6- In case the calculated "net distributable profit" is below 5% of the issued capital, it is possible that no dividend be distributed.

7- The upper limit of the aid and donations that will be made by the Company within the accounting period in compliance with the Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, and as per the principles set forth in the Articles of Association shall be determined by the General Assembly. No donations may be made in amounts exceeding the limit set forth by the General Assembly, and the donations made shall be added to the "net distributable profit" basis.

8- The dividend distribution shall start latest by the 30<sup>th</sup> day following the General Assembly meeting where the distribution decisions were taken, and in any case, as of the end of the accounting period.

9- In line with the Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, and the provisions of the Articles of Association, and as per the resolutions of the General Assembly, the Company may distribute the dividend in cash and/or bonus shares, or may pay it in installments.

10- The Company may also pay dividends to individuals who are not shareholders, in line with resolutions by the General Assembly. In such a case, action shall be taken in compliance with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, and the provisions of the Articles of Association.

11- The Company may decide to distribute and may distribute advance dividends in line with the Turkish Commercial Code; Capital Markets Legislation, Capital Markets Law, CMB regulations and resolutions, tax laws, provisions of other relevant legislation, the Articles of Association, and General Assembly resolutions.

12- Investments requiring significant amounts of cash outflow to increase the Company value, significant issues affecting the financial structure, important economic, market or other uncertainties and problems outside the control of the Company shall be taken into account in making dividend distribution decisions.

2.4.15. The Company's "Dividend Distribution Policy" is included in the annual report and also made public via the corporate web site ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

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## 2.5. Transfer of Shares

2.5.1. The Company's Articles of Association do not contain any provisions limiting the transfer of shares.

As indicated in the Articles of Association, share transfers are performed in line with Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, other CMB regulations, CRA rules, and other regulations on the dematerialization of shares.

## PART III - PUBLIC DISCLOSURE AND TRANSPARENCY

### 3.1. Corporate Website and its Contents

3.1.1. The Company's corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)) is actively used for public disclosures, as stipulated in the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, and CMB regulations/resolutions.

3.1.2. An English version of the information that takes part in corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)) is also available for the convenience of foreign investors.

3.1.3. The issues stipulated in the Principles are available on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)) as well as the Corporate Governance Principles Compliance Report and Corporate Governance Rating Report.

### 3.2. Annual Report

3.2.1. The 2015 Annual Report and 2016 Interim Reports, are prepared in accordance with the provisions of the Turkish Commercial Code, Ministry of Customs and Trade's "Regulation on Determining the Minimum Content of the Annual Reports of the Companies" and CMB's Communiqué (II-14.1) on "Principles Regarding Financial Reporting in the Capital Markets" and the Communiqué.

## SECTION IV - STAKEHOLDERS

Since the Company is a holding company, it is not directly engaged in operational activities (such as production or service). Thus, the shareholders and investors are its most important stakeholders. Employees are the other important stakeholders of our Company. Customers that purchase products and services from and suppliers that provide products and services to our associate companies in the sectors where they carry out activities, are indirectly (if not directly) the other important stakeholders of our Company. Our Company actively participates in and provides support for the projects of the non-governmental organizations relevant with the sectors it carries out activities. Operational policies are performed in coordination with Group companies.

### 4.1. Informing Stakeholders

4.1.1. As explained in detail in the first part of this report, information is provided to all stakeholders via tools determined in conformity with the Capital Markets Legislation, Capital Markets Law, CMB Regulations/Decisions and the Company's Information Policy. Shareholders and stakeholders may contact individuals authorized under the Disclosure Policy. Other employees are not authorized to respond to inquiries and requests coming from outside the Company.

4.1.2. Stakeholders can have access to information about the Company via meetings, presentations and the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)) in conformity with the Capital Markets Legislation and the Company's Information Policy.

4.1.3. The Company also has an "Intranet site" that is dedicated to the communication and notification of employees.

### 4.2. Stakeholder Participation in Management

4.2.1. The Company is in ongoing communication with its stakeholders. All feedback received by the Company from its stakeholders is evaluated and solution proposals are developed in contact with the units concerned. In case any employee transactions violate legislation or ethical principles, the stakeholders can contact the Company via various means of communication.

4.2.2. The Articles of Association do not include a provision for stakeholder participation in the Company's management.

4.2.3. Employees are kept apprised of the general activities of the Company, and their suggestions are evaluated via the Intranet site.

### 4.3. Human Resources Policy

4.3.1. According to "Human Rights Policy" on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)), Doğan Holding does its utmost to provide a peaceful working environment where individual employees are protected against any discrimination on the basis of race, nationality, religion, gender and belief, and where employee rights are respected. Furthermore, a key component of the Group's human resources policy is to give employees the chance to further their personal and professional development, and adapt themselves to innovation and change.

4.3.2. The Company's "Human Resources Policy" is available on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

Human Resources practices within the framework of the common values and strategies of Doğan Holding and its group companies, are grouped under four main areas:

- Recruitment and orientation
- Training and development
- Performance and career management
- Remuneration system

In human resources management, the Company aims to establish and manage systems which will create a convenient work environment for the personal and professional development of employees, to create the right climate for lifelong learning, to measure and evaluate performance according to objective criteria and to assess individual differences in an accurate fashion. To this end, the Company rewards high performance and supports the development of those who perform worse than expected.

The Company's main principle is to recruit qualified employees within the structure, to implement competitive award management with the aim of increasing their loyalty, and thus to award its employees' contribution and success. If the employees show exclusive success and/or do work that exceeds the performance and responsibility they are expected to fulfill, the Company believes that they should be appreciated and awarded; and that such awards would make employees show higher effort above the standards and would encourage them to score significant success.

4.3.3. The Company does not discriminate among its employees and treats all employees equally. Neither the Company management nor the Board Committees have received any complaints in this regard. Relations with employees conducted by Vice Presidency of Human Resources. There are no unionized employees at the Company.

4.3.4. Our Company's "Occupational Health and Safety Policy" is available on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

4.3.5. According to "Compensation Policy" on corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)); as per the Turkish Labor Law, our Company is responsible to provide employment termination benefit to employees - provided that they have completed one year of service in the Group - who are: dismissed for no reason, called for military duty, deceased or who retire after 25 years of service (20 years for women), and who reach the retirement age (58 for women; 60 for men). The amount that will be paid is equal to one-month salary at most for each year of service provided that it is limited with the employment termination benefit's upper limit that was: determined with the Public Servants Arbitration Board decision n.2012/1, and announced within the framework of the coefficients stipulated by the Ministry of Finance.

### 4.4. Code of Ethics and Social Responsibility

4.4.1. The Company's "Code of Ethics and Conduct" was publicly announced on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)). The "Code of Ethics" is continuously revised and improved as it is updated in accordance with the circumstances of the day.

4.4.2. The "Anti-Bribery and Anti-Corruption Policy" of the Company is available on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

4.4.3. As a result of its corporate structure and employees with highly developed social awareness, the Company undertakes social responsibility projects utilizing the common synergy of the companies within its corporate structure. During the management of its own business and the business of its subsidiaries, the Company makes sure to fulfill its responsibilities as regards the prevention of environmental pollution and the preservation of natural resources. "Social Responsibility Policy" of the Company is available on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

Together with the companies under its umbrella, the Company produces and supports projects that highlight social issues and contribute to social development of the community, with a special emphasis on educational projects.

4.4.4. The "Publishing/Broadcasting Principles" are separately specified for our lines of business in publishing, and broadcasting. Furthermore, these principles are available on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

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## 4.5. Sustainability Index

4.5.1. "Environmental Policy" of the Company is available on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

4.5.2. The Company was included into BIST Sustainability Index in 2016. Within the scope of determining the companies that will be included in the "BIST Sustainability Index" between November 2017- October 2018, a decision was taken and announced by Borsa İstanbul on January 05, 2017 to add Doğan Holding to the category of companies subject to assessment.

## SECTION V - BOARD OF DIRECTORS

### 5.1. Structure and Formation of the Board of Directors

5.1.1. The Board of Directors is made up of nine members, of whom five are non-executive, one executive and three are independent. The Company complies with the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Law, and CMB regulations and resolutions in the formation and election of the Board of Directors. The guidelines on this issue are provided by the Articles of Association. Accordingly, the Company is managed and represented by a Board of Directors with at least six and at most 12 members elected by the General Assembly.

5.1.2. A certain number or ratio of the Board Members is required to be independent members, as defined by the Capital Markets Board. The determination, nomination, number and qualifications, selection, dismissal and/or resignation of the Independent Board Members are carried out in compliance with Capital Markets Law, CMB regulations and resolutions, and other relevant legislation.

5.1.3. The full names and resumes of the Board Members are as follows:

Member	Duty	Notes
Yaşar Begümhan Doğan Faralyalı	Chairwoman	Non-executive
Hanzade Vasfiye Doğan Boyner	Vice Chairwoman	Non-executive
Arzuhan Yalçındağ	Member	Non-executive
Vuslat Sabancı	Member	Non-executive
Yağmur Şatana <sup>1</sup>	Member	Member/Deputy CEO/Executive
İmre Barmanbek	Member	Non-executive
Tayfun Bayazit	Member	Independent member
Ahmet Vural Akışık	Member	Independent member
Hacı Ahmet Kılıçoğlu	Member	Independent member

Résumés of the Members of the Board of Directors are also available on the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

5.1.4. The members are limited to a three-year term in office and after the three years members can be reappointed for the next period. Board Members were elected at the Ordinary General Assembly dated March 31, 2016 to serve until the Ordinary General Assembly when the accounts and activities of the year 2016 will be discussed.

5.1.5. There are three independent members on the Board of Directors. In line with CMB's regulations and resolutions, independent members constitute one-third of the Board. The Chairperson of the Board of Directors and President of the Executive Committee (Vice President) are not the same individual. More than half of the Board Members are non-executive.

5.1.6. Statements of independence of three candidate Independent Board Members were evaluated by the Board of Directors and subsequently disclosed to the public on March 9, 2016 and March 31, 2016. The Company asks for written statements from the Independent Board Members to prove that they satisfy the 'independence' criteria. As of the date of this report, there exists no circumstance that would compromise the independent status of the Company's Independent Board Members. The statements of independence of Independent Board Members are presented below:

<sup>1</sup>He was appointed on February 20, 2017.





**STATEMENT OF INDEPENDENCE**

**DATE:** 07.03.2016

**TO THE CHAIRMANSHIP OF DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.,**

As an Independent Board Member candidate for Doğan Şirketler Grubu Holding A.Ş., I declare that I possess the qualifications of an "independent board member" stipulated in the Capital Markets Law, Capital Markets Board's Communiqué No. II-17.1, Principles and Decisions of the Capital Markets Board and other regulations as well as the Articles of Association of your Company; and that I will immediately inform the Chairmanship of the Board of Directors in case I learn that these qualifications of independence are no longer valid, and I will act in accordance with your Board's Decision and thus will resign if deemed necessary.

Best regards,

Respectfully,

**Tayfun Bayazıt**



**STATEMENT OF INDEPENDENCE**

**DATE:** 07.03.2016

**TO THE CHAIRMANSHIP OF DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.,**

As an Independent Board Member candidate for Doğan Şirketler Grubu Holding A.Ş., I declare that I possess the qualifications of an "independent board member" stipulated in the Capital Markets Law, Capital Markets Board's Communiqué No. II-17.1, Principles and Decisions of the Capital Markets Board and other regulations as well as the Articles of Association of your Company; and that I will immediately inform the Chairmanship of the Board of Directors in case I learn that these qualifications of independence are no longer valid, and I will act in accordance with your Board's Decision and thus will resign if deemed necessary.

Best regards,

Respectfully,

**Ahmet Vural Akışık**



**STATEMENT OF INDEPENDENCE**

**DATE:** 31.03.2016

**TO THE CHAIRMANSHIP OF DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş.,**

As an Independent Board Member candidate for Doğan Şirketler Grubu Holding A.Ş., I declare that I possess the qualifications of an "independent board member" stipulated in the Capital Markets Law, Capital Markets Board's Communiqué No. II-17.1, Principles and Decisions of the Capital Markets Board and other regulations as well as the Articles of Association of your Company; and that I will immediately inform the Chairmanship of the Board of Directors in case I learn that these qualifications of independence are no longer valid, and I will act in accordance with your Board's Decision and thus will resign if deemed necessary.

Best regards,

Respectfully,

**Hacı Ahmet Kılıçoğlu**

(Name-Surname, Signature)

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

5.1.7. According to our Articles of Association the members of the Board of Directors may assume duties in the board of directors of the associates, subsidiaries, and joint ventures in order to protect, oversee, monitor, guide and audit the interests of the Company and shareholders. Moreover, the members of the Board of Directors may assume tasks and duties in associations working for public interest, in foundations, in institutions and organizations working for public interest or making scientific research, development activities, and universities, and in educational institutions and etc. Other duties can be assumed with the approval of the Board of Directors and within the scope of the principles the Board will accept. Our implementations in this field are reviewed consistently in line with the current conditions.

The duties of the members of the Board of Directors, outside the Company are given below:

Full Name	Duties outside the Corporation
Yaşar Begümhan Doğan Faralyalı	Chairwoman of various Group companies
Hanzade Vasfiye Doğan Boyner	Honorary Chairwoman and Vice Chairwoman of various Group companies
Arzuhan Yalçındağ	Chairwoman of various Group companies
Vuslat Sabancı	Chairwoman of various Group companies
Yağmur Şatana <sup>1</sup>	Board Member of various Group companies
İmre Barmanbek	Vice Chairwoman of various Group companies
Tayfun Bayazıt	Founder and owner of Bayazıt Yönetim Danışmanlık Ltd; Board Member of various non-group companies
Dr. Ahmet Vural Akışık	None
Hacı Ahmet Kılıçoğlu	Independent Board Member of various Group companies; Board Member of various non-group companies

5.1.8. The Board of Directors is composed of nine members and has five female members. Our Company complies with the non-compulsory principle of the Communiqué "At least 25% of the members of the Board of Directors must be female members."

### 5.2. Principles of the Activities of the Board of Directors

5.2.1. The Board of Directors is structured at the ultimate level that will provide effectiveness. In this aspect, utmost attention is paid to complying with the Capital Markets Law, CMB Regulations, Communiqués and Decisions. Principles regarding the issue were determined with our Company's Articles of Association.

a) The members of the Board of Directors must be elected from among the persons who have the fundamental knowledge about the legal principles that regulate the transactions and operations regarding the Company's field of activity, are well-informed and experienced about company management, are competent in analyzing financial statements and reports, preferably have had higher education.

b) The Board of Directors is obligated to carry out the task and duties granted by the legislation in effect and the Articles of Association herein. All tasks and transactions that do not require a General Assembly decision according to the regulations of the laws and the Articles of Association herein are carried out by the Board of Directors.

The Board of Directors carries out its duties and uses its powers in line with the Turkish Commercial Code, Capital Markets Law, Capital Markets Board regulations and decisions, Articles of Association and the provisions of legislation in effect.

Bodies and persons assigning (transferring) - in conformity with the law - a duty or a power arising from the Law or the Articles of Association, to other persons, will not be responsible for the acts and decisions of these persons unless it is proven that these bodies and persons have paid insufficient attention in selecting these persons.

While carrying out the duties and responsibilities granted by the laws and the Articles of Association, the Board of Directors without setting aside its responsibility may partially assign these duties and responsibilities to the committees within the company by clearly specifying their functions.

<sup>1</sup>He was appointed on February 20, 2017.

c) The Board of Directors represents the Company. Upon the decision taken by the Board of Directors, the power to represent the Company can be assigned to one of the members of the board of directors or to one or more executive members or to third parties who are managers. At least one Board Member must be authorized to represent the Company. Unless a notarized copy of the decision, indicating the persons entitled to represent the Company and the method of representing, is registered and published in the trade registry, the transfer of the authority will not be valid. Limitation of the power to represent, does not set forth any terms and conditions for bona fide third parties; however, the registered and announced restrictions on using the power to represent the company from a single center or branch or altogether, are applicable. 371<sup>st</sup>, 374<sup>th</sup> and 375<sup>th</sup> Articles of the Turkish Commercial Code are reserved. In order to ensure that all documents that will be provided and agreements that will be made by the Company are valid, they must have the signatures of the persons authorized to represent the Company, under the Company's trade name.

d) According to the Articles of Association of the Company; within the scope of the provisions of the Internal Directive that will be prepared as specified in the 367<sup>th</sup> Article of the Turkish Commercial Code and in the Articles of Association, the Board of Directors is entitled to partially or entirely assign (transfer) the management to one or more members of the board of directors, to the third parties, and to the Boards or Committees it will establish; without prejudice to the provisions of the 375<sup>th</sup> Article of the Turkish Commercial Code and the Capital Markets legislation and other legislations.

The Board of Directors may also assign tasks by determining the executive members who will assume a part of its powers and specific Company operations, and monitor the implementations of the Board's decisions. In such case, the scope of the responsibilities of each executive Board Member, will be specified by the Board of Directors. The executive members, assume all powers and responsibilities within the scope covering the tasks and duties assigned to them. As a rule, the other members of the board of directors will not be responsible for transactions within this scope; without prejudice to the duties and powers within the scope of the non-negotiable powers that are only assumed by the board of directors. More than half of the members of the Board of Directors cannot assume executive tasks or duties, and this issue is taken into consideration particularly in specifying the tasks and duties of the members.

5.2.2. All information is promptly provided to the members of the Board of Directors in order to ensure that they fulfill their duties.

5.2.3. In 2016, 28 (2015: 35) Board of Directors meetings/decisions were made/taken.

5.2.4. A Secretariat is present under the Chairmanship of the Board of Directors in order to regularly file the documents about the Board of Directors meetings with the aim of providing service for all members of the Board of Directors.

5.2.5. Our Board of Directors meetings are planned and held effectively and efficiently. As specified in our Company's Articles of Association:

a) The Board of Directors convenes with regularity that will help the Board effectively carry out its tasks and duties.

b) As a rule, the Board of Directors convenes upon the call made by the Chairman or the Vice Chairman. All members of the Board of Directors may make a written request from the Chairman or the Vice Chairman (if the Chairman is not present), to make a call for the Board of Directors meeting.

c) Information and documents about the issues on the Board of Directors meeting agenda are presented to the members of the board of directors within a reasonable period of time in prior to the meeting ensuring equal flow of information. However, with a Board of Directors decision, it is legally possible to make meetings in another location of the city of the headquarters or in another city.

d) In principle, members of the Board of Directors are to attend the meetings in person; while it is possible to attend the meetings via any type technological method enabling remote access. The opinions, submitted in writing, of the members who are not able to attend the meeting, will be presented for the information of the other members.

e) All Board resolutions are recorded in the meeting minutes and signed by the participants of the meetings. The Board members who cast negative votes must sign the meeting minutes with their justifications for their negative votes. Board resolutions, meeting minutes, related documents and correspondence are kept and regularly archived by the Board of Directors Secretariat. In cases where the affirmative votes of the independent Board members are required, if they cast negative votes, the measures required by the Capital Markets Board and Capital Markets Legislation are implemented.

f) The Board of Directors convenes with the majority of the total number of members and takes decisions with the majority of the members present at the meeting. In case of equality of the votes, the issue voted is added on the agenda of the next meeting; and is considered rejected if the votes are equal in that meeting, too. Each Board member has only one right to vote regardless of his/her position and duty.

g) It is legally possible to take a decision on the proposal given by one of the members, with the written consents of the other members in compliance with the relevant provisions of the Turkish Commercial Code.

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h) Persons entitled to attend the Company's Board of Directors meeting, may also attend these meetings on electronic platforms in conformity with the 1527<sup>th</sup> Article of the Turkish Commercial Code. In conformity with the provisions of the Communiqué on the "Boards to be held on Electronic Platforms other than the General Assemblies of the Joint Stock Companies" the Company can install the Electronic Meeting System that will enable the entitled persons to participate and cast votes in these meetings on electronic platforms or purchase such systems developed for this purpose. In the meetings to be held, it is ensured that the entitled persons are able to use, within the framework of the provisions of the Communiqué, their rights stipulated in the relevant legislation, on the system installed in line with this Article of the Articles of Association of the Company or on the system with support services to be purchased.

5.2.6. In 2016, all Board of Directors decisions were taken with the unanimous votes of the members who attended the meetings. There were no decisions where members casted negative votes.

5.2.7. Losses incurred in the company by the members of the Board of Directors as a result of their faults during their term of office, are insured by our Company between August 2015 and August 2016. Members of the Board of Directors and the Executives in our Company and our subsidiaries and joint ventures are covered in the insurance policy, and the value covered in the policy is EUR 75 million. The policy was not revised after August 2016.

### 5.3. Number, Structure and Independence of Board Committees

5.3.1. In line with legal regulations, as well as the position and requirements of the Company, four committees were formed to ensure that the Board of Directors successfully exercises its duties and responsibilities. These committees are the Executive Committee, the Audit Committee, the Corporate Governance Committee, and the Early Risk Detection Committee.

5.3.2. Charters regarding the functioning of the committees are stated in the Articles of Association.

5.3.3. Also the Audit Committee, Corporate Governance Committee and the Early Risk Detection Committee each have a written charter approved by the Board of Directors and publicly posted through the Company's website ([www.doganholding.com.tr](http://www.doganholding.com.tr)). This charter was created carefully and in due consideration of the Capital Markets Legislation, CMB regulations, Communiques and Resolutions, Articles of Association and international practices abroad. The committees' charters are reviewed according to legislative changes and changing circumstances. The committees, except the Early Risk Detection Committee, convene at least every three months. The Early Risk Detection Committee convenes at least six times in a year.

5.3.4. Information on the members of the Executive Committee is presented below. Executive Committee members were elected to serve until the Ordinary General Assembly concerning the accounting period for 2016.

Full Name	Title	Other Duties in the Corporation	Duties in Other Committees
Yağmur Şatana <sup>1</sup>	Deputy CEO	Board Member	None
Ahmet Toksoy	Member	CFO	None
Erem Turgut Yücel	Member	Chief Legal Officer	Early Risk Detection Committee Member

5.3.5. The Board of Directors elected Tayfun Bayazıt as the President and Hacı Ahmet Kılıçoğlu as the Member of the Audit Committee, to serve until the Ordinary General Assembly concerning the accounting period for January 1, 2016-December 31, 2016.

Full Name	Title	Other Duties in the Corporation	Independence Status	Duties in Other Committees
Tayfun Bayazıt	President	Independent Board Member (Non-executive)	Independent	President of Corporate Governance Committee and Early Risk Detection Committee
Hacı Ahmet Kılıçoğlu	Member	Independent Board Member (Non-executive)	Independent	None

<sup>1</sup> He was appointed on February 20, 2017.

5.3.6. The members of the Audit Committee are individuals who have the qualifications required by their duties. They were elected among Independent Board Members, who are neither executive members nor executive directors.

5.3.7. The Audit Committee carries out its duties regularly in compliance with the Capital Markets Legislation and CMB's Regulations, Communiques and Resolutions. Within this framework, in 2016:

- Annual/interim financial statements, footnotes and independent audit reports of the Company were reviewed before publicly disclosed and meetings were made with the independent audit company;
- The Independent Audit Agreement was reviewed, and an advisory decision was taken about selecting an Independent Audit Company,
- Results of the internal audit activities and measures taken were reviewed.

5.3.8. Corporate Governance Committee Members elected to carry out tasks until the first Board of Directors meeting that will be held after the Ordinary General Assembly Meeting where the results of the 2016 activities will be discussed are listed below with their duties:

<b>Full Name</b>	<b>Title</b>	<b>Other Duties in the Corporation</b>	<b>Independence Status</b>	<b>Duties in Other Committees</b>
Tayfun Bayazıt	President	Independent Board Member (Non-executive)	Independent	President of Audit Committee and Early Risk Detection Committee
İmre Barmanbek	Member	Board Member (Non-executive)	Dependent	None
Dr. Murat Doğu	Member	Financial Affairs Vice President and Head of Investor Relations	Dependent	None
Banu Çamlıtepe	Member	Investor Relations Director	Dependent	None

5.3.9. The Corporate Governance Committee carries out its duties regularly in compliance with the Capital Markets Legislation and CMB's Regulations, Communiques and Resolutions. Within this framework, in 2016:

- The Corporate Governance Committee reviewed the annual report and corporate governance compliance reports of the Company before they were publicly reported.
- The process of getting a corporate governance rating, was coordinated.
- Tasks were carried out regarding the activities of the Investor Relations Department.
- The improvement of the corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)) was supervised while monitoring if it is kept up to date or not.
- Developments outside the country and the relevant legislations regarding corporate governance were followed while ensuring that necessary measures were taken regarding compliance issues.

5.3.10. The rating company SAHA, that has an activity license to perform rating in Turkey in conformity with the Capital Markets Board's Corporate Governance Principles, updated the rating score and increased it to 9.40 (93.98%) out of 10. This issue was publicly disclosed via Public Disclosure Platform on November 7, 2016. Corporate governance ratings are available on our Company's corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

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5.3.11. The Early Risk Detection Committee, previously established in conformity with the Turkish Commercial Code after the Company's Board of Directors decision n.2013/6 taken on March 18, 2013 in accordance with the amendment made to the CMB Communiqué, n.56 with Series: IV (which was valid in 2013, but annulled at the beginning of 2014), was restructured. The information about the members of the Early Risk Detection Committee is below:

Full Name	Title	Other Duties in the Corporation	Independence Status	Duties in Other Committees
Tayfun Bayazit	President	Independent Board Member (Non-Executive)	Independent	President of Audit Committee and Corporate Governance Committee
Erem Turgut Yücel	Member	Executive Board Member and Chief Legal Counsel	Dependent	None
Tolga Babalı	Member	Financial Affairs Vice President	Dependent	None
Tahir Ersoy	Member	Director of Tax Management	Dependent	None

The committees convene as frequently as is required by their activities, upon the invitation of the Committee President.

The Early Risk Detection Committee, which convened six times in 2016 (2015: 6), evaluates the risks that may affect the Company and its subsidiaries.

5.3.12. The Committees of the Company operate within the context of their authorities and responsibilities and submit proposals to the Board of Directors. However, the final decisions are made by the Board of Directors.

5.3.13. Members except Tayfun Bayazit, Independent Board Member, don't assume duties in more than one committee.

### 5.4. Risk Management and Internal Control Mechanism

5.4.1. The effectiveness of the Risk Management and Internal Control systems is ensured by the Committees that are established in conformity with the Articles of Association and the Turkish Commercial Code, the Capital Markets Law and Capital Markets Regulations.

Financial, operational and compliance risks are identified and measured within the framework of Corporate Risk Management. The processes of detecting, identifying, and monitoring the risks that the Company and its subsidiaries may face are carried out under the supervision of: the Executive Committee, Early Risk Detection Committee, Chief Financial Officer, relevant Vice Presidents in charge of Finance and Vice President of Finance and Portfolio Management. In addition, the process of detecting and managing the risks specific to the sectors the subsidiaries carry out activities under the supervision of the Company, in coordination with the subsidiaries' Executive Committees, Early Risk Detection Committees (if any) and/or managers. Regular meetings are held during the year with the managers of the subsidiaries.

Furthermore, the Audit Committee monitors the results of the Internal Audit studies performed within the scope of Internal Audit activities as well as the measures taken. Internal audit and internal control activities within the Holding, is coordinated by the Audit Committee and carried out under the supervision of the Chairman of the Board of Directors.

### 5.5. Strategic Goals of the Company

5.5.1. Our vision is to undertake effective and sustainable investments that will contribute to transparency in society and to the general welfare and stability in the economy, through relevant service, commercial and industrial platforms. Our mission is to monitor, innovate and implement state-of-the-art commercial and technological products and applications in final consumer industries in Turkey and other prospective markets abroad; and develop and maintain the necessary corporate assets and capabilities to ensure proper execution of these objectives.

5.5.2. Our vision and mission is publicly announced via our Company's corporate website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

5.5.3. The strategic goals determined by the managers of the Company in accordance with the plans of the Company are presented for the approval of the Board of Directors.

5.5.4. The performance of the Company and its subsidiaries is monitored in the Executive Committee meetings held every week and necessary measures are taken.

5.5.5. The Board of Directors and senior management of the Company continuously monitor the status of the Company and its subsidiaries against its strategic goals. Through regular and frequent management meetings, the Company's position is evaluated and new goals and strategies are formulated.

## 5.6. Remuneration of Board Members

5.6.1. According to the Articles of Association of our Company, decisions regarding the payments made to the members of the Board of Directors such as per diem, salaries, dividends, bonuses and premiums are taken by the General Assembly. The financial rights of the members of the Board of Directors may vary depending on their tasks, duties, powers and responsibilities in the Board of Directors.

The financial benefits of the independent Board Members are determined according to Capital Markets Legislation, CMB's regulations, communiques and resolutions and other relevant legislation.

The Board of Directors decides whether or not any payments will be made to committee chairmen and members for their tasks and duties in the committees and determines the amounts and terms and conditions in case of any payments are made.

In conformity with the CMB Regulations and Decisions, the "Remuneration Policy" of our Board of Directors was created; was submitted for the information of the shareholders at the General Assembly; and was publicly disclosed. The Company's Remuneration Policy is accessible on the Corporate Website ([www.doganholding.com.tr](http://www.doganholding.com.tr)).

5.6.2. At the Ordinary General Assembly meeting held to discuss the 2015 activities; it was decided by majority vote that the independent members of the Board of Directors are paid a net amount of TL 10,000 per month and other members of the Board of Directors are paid a net amount of TL 7,000. Apart from this, there is no performance based salary paid to the non-executive members of the Board of Directors.

5.6.3. Doğan Holding's key management personnel are the members of the Board of Directors, Board of Directors Consultant, Chairman and Vice Chairmen, Chief Legal Officer, Directors, et al. Benefits received by the key management personnel, such as salaries, premiums, health insurance, communication and transport, are specified below:

<b>TL thousand</b>	<b>2016</b>	<b>2015</b>
Salaries and other short term benefits	17,742	23,529
Other long term benefits	-	-
Post-employment benefits	-	-
Termination benefits	-	-
Share based payments	-	-
<b>Total</b>	<b>17,742</b>	<b>23,529</b>

5.6.4. The Company did not lend money, extend credit, or extend credit such as personal loans by means of third parties or did not give surety to any of the Members of the Board of Directors or executive managers.

## 6. THE COMPANY'S CURRENT STATUS IN THE ISSUE OF COMPLYING WITH THE CORPORATE GOVERNANCE PRINCIPLES

The Corporate Governance Committee continues its activities to improve the Corporate Governance practices. As of the activity period that ended on 31.12.2015, the Company complies with all compulsory Corporate Governance Principles ("Principles") of the Capital Markets Law and the Communiqué. Utmost attention is paid to comply with the non-compulsory Principles of the Law and Communiqué. As explained in this Report, we think there will not be any significant conflict of interests in the current situation regarding the non-compulsory Principles with which the Company has not yet fully complied.

Our Company considers the fact that we partially or completely are not complying with the non-compulsory Principles n.1.2.1., n.1.5.2., n.3.2.1., n.3.2.2., n.3.3.3., n.3.3.4., n.3.3.5., n.4.2.8., n.4.5.5. and n.4.6.5. of the Corporate Governance Principles. However, we think there will not be any significant conflicts of interest in the current situation regarding this issue. Principles n.3.2.1., n.3.2.2., n.3.3.3., n.3.3.4., and n.3.3.5 are mainly about the fields that are considered under the topics supporting the stakeholders' participation in company management (employees) and company's human resources policy. Thus, enhancement will be continued in these fields in 2017. Regarding Principle n.4.2.8.: existing insurance limits can be revised considering the fact that the Company capital is high. Regarding Principle n.4.5.5: enhancement will be made within the scope of our means considering the fact that there is quite a number of committees that must be established as per the Turkish Commercial Code, Capital Markets Law and Communiqué. Regarding Principle n.4.6.5.: as of the current situation, the financial rights of the Company's executive managers are considered as trade secrets within the scope of competitive power.