

## TABLE OF CONTENTS

### 1. DECLARATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

#### PART I – SHAREHOLDERS

2. Shareholder Relations Unit
3. Shareholder's Right to Obtain and Evaluate Information
4. Information on General Assembly Meeting
5. Voting Rights and Minority Rights
6. Dividend Policy and Timing of Distribution
7. Transfer of Shares

#### PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. Public Disclosure Policy
9. Material Disclosure
10. Company's Web Site and its Contents
11. Disclosure of Ultimate Controlling Individual(s)
12. Individuals with Access to Inside Information

#### PART III – STAKEHOLDERS

13. Informing the Stakeholder
14. Stakeholders Participation Management
15. Human Resource Policy
16. Relations with Customers and Suppliers
17. Social Responsibility

#### PART IV - BOARD OF DIRECTORS

18. The Structure and Formation of the Board of Directors' and Members'
19. Qualifications of Board Members
20. Mission, Vision and Strategic Goals of the Company
21. Risk Management and Internal Control Mechanism
22. Authorities and Responsibilities of Board Members and Executives
23. Operating Principles of the Board of Directors
24. A Ban on Doing Business with the Company and Non-Compete Clause
25. Code of Ethics
26. The Number, Structure and Independence of Board Committees
27. Remuneration of the Board of Directors

### 1. DECLARATION OF COMPLIANCE WITH PRINCIPLES OF CORPORATE GOVERNANCE

Doğan Şirketler Grubu Holding A.Ş. (Doğan Holding or the Company) has embraced the concepts of fairness, transparency, accountability and responsibility and aims to fully adhere to these Principles of Corporate Governance. The corporate governance rating score of Doğan Şirketler Grubu Holding A.Ş. that has been included into the ISE Corporate Governance Index since November 4th, 2009, is revised to 8.42 (%84,20) from 8.26 (82,64%) over 10.0 by SAHA Corporate Governance Rating Company ("Saha") licensed by the Turkish Capital Markets Board (CMB) on November 3rd, 2010. The rating methodology is based on the Corporate Governance Principles of CMB.

The rating scores assigned per each main section and weighting determined by CMB Principles are as follows:

Main Sections:	Scores
Shareholders	85,52
Public Disclosure & Transparency	94,71
Stakeholders	89,00
Board of Directors	65,51

As per the rating revision note; in consideration of Doğan Holding's determination to apply corporate governance principles, its willingness to manage this process dynamically and continuously, and finally the improvements affected during the twelve months lapsed since the publication of the initial rating report, the corporate governance rating of the company is revised as above. Main improvements that affected the above revision are: a detailed description of the information that falls into the scope of trade secrets is made in the ethical rules as well as internal rules. Secondly regulations and date and numbers of the trade register gazettes in which amendments are published along with the final version of the holding's articles of association are disclosed to public on the corporate web site.

The Corporate Governance Committee was established on December 28th, 2010 to improve the governance activities. The activities carried out in our Company for increasing the compliance level are being continued and the principles that we failed to fully comply with do not give rise to major conflict of interest among the stakeholders.

The Corporate Governance Rating Report issued by Saha for our Company is published on the corporate website located in the address of [www.doganholding.com.tr](http://www.doganholding.com.tr).

Yours sincerely,

İmre Barmanbek  
Deputy Chairperson

Yahya Üzdüyen  
Deputy Chairperson

## **PART I - SHAREHOLDERS**

### **2. Shareholder Relations Unit**

**2.1.** Exercise of shareholder rights is conducted in compliance with the relevant legislation, the Articles of Association and other inter-company rules. All necessary steps are taken to facilitate exercise of these rights.

**2.2.** The Shareholder Relations Unit was established in 03.18.2009 to monitor relations between shareholders and the Company and to ensure that the requirements pertaining to shareholders' rights concerning access to information fully met. The Unit's primary duties are as follows:

- To ensure that shareholder records are kept accurately, safely and up to date; .
- To respond shareholders' written requests for information about the Company except those that constitute a trade secret or privileged information;
- To ensure that the General Assembly meetings are held in accordance with relevant legislation, Company's Articles of Association and other inter-company rules;
- To prepare documents to be delivered to shareholders at General Assembly meetings;
- To keep the records of voting results and to ensure all reports related to the resolutions of General Assembly meeting to be sent to the shareholders;
- To supervise and to oversee all issues concerning public disclosure to make certain that they comply with the current legislation in all respects and Company's Public Disclosure Policy;
- To ensure capital markets financial activities are carried out;
- To ensure that investor relations activities are conducted.

**2.3.** Up until August 2010 the representatives from the Investor Relations and Corporate Affairs, Financial Affairs and Legal departments operate under the CFO's oversight within the Shareholder Relations Unit. As the Capital Markets, IFRS/CMB Reporting and Affiliates Oversight Group Management, established on August 6th, 2011, and Investor Relations and Corporate Affairs are in charge of Shareholder Relations Unit.

**2.4.** The requests for information and inquiries received directly or indirectly from shareholders or institutional investors were responded in 2010. While meeting shareholders' demands, maximum care is exerted to ensure compliance with the applicable legislation and the Company's Articles of Association.

Adopting a proactive approach in its communication with shareholders, the Investor Relations and Corporate Affairs Department issues in line with the public announcements and material disclosures, messages from management and information about the Company's corporate strategies to shareholders at regular meetings organized by institutional investors.

In order to provide information to foreign institutional investors, visits were organized in 2010 to London, Frankfurt and New York. At the same time, investor meetings were organized in Göcek and Istanbul, which provides foreign institutional investors to meet company management.

The contact details of the Investor Relations Department as of August 6 2010 is below

<b>Name</b>	<b>Title</b>	<b>Tel</b>	<b>E-mail</b>
Murat Doğu	Capital Markets, IFRS/CMB Reporting and Affiliates Oversight Unit President	(+90 216) 556 90 00	mdogu@dmg.com.tr
Hande Özer	Capital Markets, IFRS/CMB Reporting and Affiliates Oversight Coordinator	(+90 216) 556 90 00	handeo@doganholding.com.tr
Özge Bulut Maraşlı	Head of Investor Relations and Corporate Communications Division	(+90 216) 556 93 44	ozgem@doganholding.com.tr

In addition, the public is informed about the Company's operational results through a yearly message published in the newspapers and presented on the Company's website.

The Investors Relations Department, wherever possible, uses electronic means of communication and the Company's website ([www.doganholding.com.tr](http://www.doganholding.com.tr)) in all its endeavors.

**2.5.** Utmost care is taken to meet requests and comply with the law and the Articles of Association. No written or verbal complaint reached the Company in 2010 concerning the exercise of shareholders rights, nor is the Company aware of any legal proceedings initiated against in this regards.

### **3. Shareholder's Right to Obtain and Evaluate Information**

**3.1.** The Company does not discriminate among shareholders on the issue of exercise of shareholders' right to obtain and evaluate information.

**3.2.** The information request received from shareholders in 2010 primarily concerning financial and strategic developments announced by the Company were responded without delay under the supervision of Shareholder Relations Unit.

**3.3.** Financial information, news and presentations about the Company are available on the Company's Web site. Shareholders submitting requests for information are directed to the Company Web site where information and documentation are equally presented for the use of shareholders.

**3.4.** The Articles of Association currently do not recognize requests for the assignment of a special auditor.

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

**4.1.** The Company's Ordinary General Assembly Meeting for 2009 was held on June 23, 2010. Invitations to the meetings were published, as stipulated in the Company's Articles of Association, in Milliyet newspaper and in the Turkish Trade Registry Gazette and announced at KAP (Public Disclosure Platform) System.

**4.2.** Before the General Assembly meetings the Information Memorandum, including meeting agenda and legal ground of the

agenda and Participation Procedure declared for Shareholders' information. No request to include a new agenda item to the General Assembly Meeting received from the shareholders.

**4.3.** The method of holding General Assembly meetings ensures attendance of maximum number of shareholders.

**4.4.** General Assembly meetings were conducted in line with the principle of fairness so as to cause the least uncertainty and cost for participants.

**4.5.** The General Assembly Meeting was held in Istanbul to facilitate the attendance of shareholders.

**4.6.** Since the Company's capital is solely constituted by bearer shares, shareholders are not required to register their names on shareholders' lists within any specific time frame prior to attendance at Meetings.

**4.7.** Documents prepared for Ordinary General Assembly Meeting, financial statements and reports including the 2008 Annual Report, internal audits and the Board of Directors' actions for the period 01.01.2009 – 31.12.2009 , were available to shareholders 3 weeks prior to the meeting, as defined in CMB regulations and CMB Corporate Governance Principles and were presented on the company web site [www.doganholding.com.tr](http://www.doganholding.com.tr) . The Shareholder Relations Unit responded to questions from shareholders commencing from the date of announcement of invitation for General Assembly meeting.

**4.8.** The agenda is presented in a clear and concise manner so as to be easily understood by shareholders, with the opportunity to voice their opinions and ask questions.

**4.9.** The Board responded to shareholders' questions on agenda issues at the General Assembly meeting.

**4.10.** It was reported that a note of dissent concerning the donations made by the Company in 2009 was presented at General Assembly meeting and this note was included in the minutes of the General Assembly meeting in accordance with applicable legislation.

**4.11.** Voting at General Assembly meeting was conducted through open ballot. Voting procedure was informed to shareholders in the General Assembly Meeting kit declared 3 weeks prior to the meetings and also at the beginning of the meetings.

**4.12.** General Assembly meeting decisions require the presence of shareholders or their proxies representing at least half of the Company's capital. 59.10% of the capital was present at the Ordinary General Assembly meeting.

**4.13.** Minutes of the General Assembly meeting were available at Company headquarters and were faxed to shareholders upon request. Additionally Shareholders' Meeting minutes are available at corporate web site [www.doganholding.com.tr](http://www.doganholding.com.tr)

**4.14.** General Assembly meetings were attended by shareholders, some Directors of the Board, Company employees and independent auditors, but not by other stakeholders or the media.

**4.15.** There is no provision in the Company's Articles of Association that requires decisions on matters such as spin-offs or the sale, purchase or leasing of material assets to be taken by the General Assembly.

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

**5.1.** 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.

**5.2.** No upper limits defined for the voting of any shareholder.

**5.3.** There are no preferred stocks or different classes of shares in the Company.

**5.4.** Each share is entitled to one vote in the Company.

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

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

**5.7.** The shareholders made no proposals for the representation of minority shares from the Company.

**5.8.** The Articles of Association do not provide cumulative voting.

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

**5.10.** Although the Article of Association permits dividend shares trade, there is no instance of the issuance of any dividend shares.

## 6. Dividend Policy and Timing of Distribution

6.1. There is no privilege to any individual in the distribution of dividends.

6.2. The Doğan Group of Companies Inc. makes its dividend payment determinations taking into account the Turkish Commercial Law and rates determined by the Capital Markets Board (CMB) and the General Meeting within the specified time period.

Accordingly:

Net profit can be calculated by deducting all Company expenditures, depreciation, premiums and bonuses, provisions for income taxes along with other financial obligations from total income.

After the losses (if any) from previous years and the amounts determined by the Capital Markets Board are deducted from net income, reserves set at 5% by the Turkish Commercial Law and other relevant regulations and the principle revenue share at the rate and amount determined by the Capital Markets Board are allocated.

The General Assembly is authorized to determine, in accordance with the dividend distribution policy of the Company, whether the remainder is to be considered money held in reserve or distributed.

One-tenth of the amount obtained by reducing the 5% of capital from the funds to be distributed among shareholders and other persons with a share in profits will be considered money in reserve as determined by Paragraph 3 of the second section of Article 466 of the Turkish Commercial Law.

According to the law, unless the required amount of funds is reserved, or unless the primary profit share to be distributed to the shareholders in the form of cash and/or shares is distributed, no decision on transferring profits to the next year or paying dividends to preferred shareholders or to other shareholders, members of the board or employees can be made.

6.3. The Company's dividend policy for 2010 and subsequent years has been defined as follows:

"The attributable profit shall be distributed in cash and/or as bonus shares in a way that will optimize the Company's financial position within the context of the legislation it is required to comply with, its growth strategy, investment and financing needs in the industry, as well as conditions in the national and international economy." This has been announced to the public in accordance with CMB Decision No. 4/67 dated January 27, 2006, disclosed in the Annual Report and communicated to shareholders at the General Assembly meeting on May 29, 2007.

6.4. It is also explained in independent auditor's reports and financial statements sent to the Istanbul Stock Exchange (ISE) that the distribution of dividends is carried out in accordance with the Turkish Trade Law and Capital Markets Board legislation.

6.5. As per the ordinary General Assembly decision of year 2009, no dividends were to be distributed to our shareholders in conformity with Capital Market Board regulations.

## 7. Transfer of Shares

7.1. The Company's Articles of Association do not contain any provisions to impede transfer of shares.

7.2. All shareholders including minority and foreigner shareholders are treated equally.

## PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

### 8. Public Disclosure Policy

8.1. The main purpose of the Disclosure Policy of the Company is to provide fair, timely, accurate, complete, understandable, analyzable and easily accessible information to shareholders and stakeholders about the Company's prior performance, and information and developments related to its future outlook.

8.2. The Company holds meetings with the participation of investors, analysts and the media in addition to issuing Material Disclosures.

In conjunction with this, members of the Board of Directors and executive committee attend these meetings to make presentations; and Company presentations, annual reports, financial statements, press release; public announcements are available on the Company's Web site.

8.3. The Company's Public Disclosures has been executed by Capital Market, IFRS/CMB Reporting and Affiliates Oversight Group since August 6th , 2010. Those authorized to disseminate the Company's Public Disclosure Policy are:

Name	Title	Tel	E-mail
Murat Doğu	Capital Markets, IFRS/CMB Reporting and Affiliates Oversight Group President	(+90 216) 556 90 00	mdogu@dmg.com.tr
Yener Şenok	Financial Affairs Group President	(+90 216) 556 93 44	yeners@doganholding.com.tr
Özge Bulut Maraşlı	Head of Investor Relations and Corporate Affairs Division	(+90 216) 556 93 44	ozgem@doganholding.com.tr
Hande Özer	Capital Markets, IFRS/CMB Reporting and Affiliates Oversight Coordinator	(+90 216) 556 90 00	handeo@doganholding.com.tr
Alper Altıok	Accounting and Administrative Affairs Manager	(+90 216) 556 92 46	alpera@doganholding.com.tr

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

8.4. The Company's Public Disclosure Policy was announced to the public in 2007 through the Company website. The Public Disclosure Policy was revised by the Board of Directors in 2009 and was presented at the Ordinary General Assembly Meeting of 2008. The Board of Directors is responsible from the execution of the Public Disclosure Policy.

8.5. Members of the Board of Directors, executive committee and Shareholders who directly or indirectly own at least 5% of the Company's shares, are required to publicly announce their transactions in capital market instruments issued by the Company in accordance with the Capital Market Law.

**8.6.** The IFRS financial statements and accompanying notes for fiscal year 2009 have been prepared and disclosed in consolidated bases and in accordance with Capital Market Board's Communiqué on principles regarding IFRS reporting (Serial: XI, No: 29).

**8.7.** The 2010 Annual Report and quarterly annual reports were prepared in compliance with Capital Markets legislation and Capital Markets Board (CMB) regulations and Corporate Governance principles announced by CMB.

#### **9. Material Disclosure**

**9.1.** The Company follows and applies Capital Markets legislation, CMB and ISE regulations, and CMB principles with regard to Corporate Governance.

**9.2.** The Company issued 24 material disclosures in 2010.

No request for additional material disclosures were received from CMB.

All material disclosures were made within the relevant timeframe.

**9.3.** The Company has determined and announced the individuals authorized to issue special announcements and these are made under their signature.

**9.4.** The Company is under no other obligation to inform the public since the Company has no shares listed on foreign stock exchanges.

#### **10. Company's Web Site and its Contents**

**10.1.** The Company's Web site, [www.doganholding.com.tr](http://www.doganholding.com.tr), is actively used for public disclosures.

**10.2.** Periodic financial statements, independent auditor's reports and annual reports are available on the Web site as required by the applicable CMB legislation.

**10.3.** An English-language version of the documents and information is also available for the convenience of foreign investors.

**10.4.** Information provided on the Web site is as follows:

a) Corporate

- Vision and Mission
- Shareholder Structure
- Board of Directors ( Directors, Audit Committee, Corporate Governance Committee and Audit Committee Members)
- Management Team
- Corporate Profile

b) Investments

- Energy (Petrol Ofisi(\*) and Electricity Investments)
- Media (Newspaper Publishing, TV Broadcasting, Digital TV Platform, Radio Broadcasting, TV & Music Production, News Agency, internet services, Magazine and Book Publishing, Digital Services, Distribution and other activities)
- Industry (Çelik Halat, Ditaş, Doğan Organik Ürünler)
- Trade (Milpa)
- Financial Services (DD Konut Finansmanı)
- Tourism (Milta)

(\*) *Petrol Ofisi took part on web site until December 22, 2010 share transfer was finalized.*

c) Corporate Governance

- Shareholder Structure
- Articles of Association
- Statement of Preferred Shares
- Board of Directors
- Corporate Governance Compliance Report
- Corporate Governance Rating Report
- Code of Ethics
- Disclosure Policy
- Dividend Policy

d) Investor Relations

- Corporate Info ( Trade Registry, Listing, share capital, contact information)
- Stock Profile (Interactive Share Charts, Analyst Reports )
- Financial Statements and Independent Audit Report
- Annual Reports
- General Assembly (General Assembly and Proceedings ,General Assembly Participation Procedure, Proxy Voting Form, Annual Reports , Shareholders' Meeting Minutes )
- Latest IR News
- Investor Presentations
- Analyst Coverage
- Frequently Asked Questions
- Investor Contacts
- Investor Relations Site Map

- e) Press Room
- News
  - Press Releases
  - Visual Gallery
  - Press Contact
- f) Corporate Social Responsibility
- Doğan Group and CSR
  - Aydın Doğan Foundation
  - Dad, Send Me To School
  - End Domestic Violence
  - Liberty Is Our Right

- g) Human Resources
- Human Resources Policy(Recruitment, Training and Development, Performance Development, Salary System)
  - Human Resources Profile
  - Job Application

**10.5.** Statements reflecting the Company's capital increases, and dividend statements are to be available on the Company website once preliminary works completed.

**10.6.** The Company letterhead clearly indicates the address of its website.

#### **11. Disclosure of Ultimate Controlling Individual(s)**

**11.1.** Changes regarding the shareholding structure and/or the managerial control of the Company are announced to the public in accordance with Capital Markets legislation and CMB regulations.

**11.2.** The shareholder structure of the Company as of December 31, 2009 was as follows

SHAREHOLDERS	SHARE CAPITAL (TL)	SHARE
Adilbey Holding A.Ş.	1.273.999.973	52,00%
İMKB'de işlem gören kısım	829.956.518	33,88%
Aydın Doğan	246.992.721	10,08%
Işıl Doğan	40.291.776	1,64%
Aydın Doğan Vakfı	4.679.046	0,19%
Hanzade V. Doğan Boyner	22.703.044	0,93%
Arzuhan Doğan Yalçındağ	19.049.260	0,78%
Vuslat Doğan Sabancı	11.353.044	0,46%
Y. Begümhan Doğan Faralyalı	974.618	0,04%
<b>TOTAL SHARE CAPITAL</b>	<b>2.450.000.000</b>	<b>100%</b>

Aydın Doğan and Doğan Family are ultimate shareholders of our company.

**11.3.** To best of our knowledge, there were no voting agreements among shareholders in 2010 that aimed at increasing control over the management of the Company.

#### **12. . Individuals with Access to Inside Information**

**12.1.** Board Directors, auditors, the Shareholder Relations Unit, top executives of the holdings and other persons who have access to inside information are prohibited from revealing knowledge that could be used to the advantage of third parties.

**12.2.** The names and titles of people who have potential access to such information that can be classified as commercial secret are presented below:

Name	Title
<b>Aydın Doğan</b>	Honorary President
<b>Arzuhan Yalçındağ</b>	Chairperson
<b>İmre Barmanbek</b>	Deputy Chairperson
<b>Ragıp Nebil İlseven (1)</b>	Deputy Chairperson and CEO
<b>Yahya Üzdiyen (2)</b>	Deputy Chairperson
<b>Vuslat Doğan Sabancı</b>	Board Member
<b>Hanzade Vasfiye Doğan Boyner</b>	Board Member
<b>Mehmet Ali Yalçındağ</b>	Board Member
<b>Zekeriya Yıldırım (3)</b>	Board Member
<b>Taylan Bilgel (4)</b>	Board Member, Audit and Corporate Governance Committee Member
<b>Ali İhsan Karacan</b>	Board Member, Audit and Corporate Governance Committee Member
<b>Soner Gedik (2)</b>	Board Member, Audit and Corporate Governance Committee Member
<b>Ahmet Toksoy</b>	Audit and Risk Management President
<b>Haşim Işık</b>	General Secretary
<b>Reha Müstecaplıoğlu</b>	Audit and Risk Management Vice President
<b>Kemal Sertkaya</b>	Audit and Risk Management Vice President
<b>Serdar Kırmaz (5)</b>	Financial Affairs Group President
<b>Yener Şenok</b>	Financial Affairs Group President
<b>Murat Doğu</b>	Capital Markets, IFRS/CMB Reporting and Affiliates Oversight Group President; Audit and Corporate Governance Committee Member
<b>Erem Yücel</b>	Chief Legal Officer
<b>Selma Uyguç</b>	Legal Group President
<b>Cem Kölemenöğlu</b>	Head of Budgeting and Finance Division
<b>Özge Bulut Maraşlı</b>	Head of Investor Relations and Corporate Affairs Division
<b>Melih Özyayın</b>	Head of Strategic Planning and Business Development Division
<b>Riçe Özkan</b>	Head of Corporate Communications
<b>Hakan Kantek</b>	Head of General Secretary Office
<b>Hande Özer</b>	Capital Markets, IFRS/CMB Reporting and Affiliates Oversight Coordinator; Audit and Corporate Governance Committee Member
<b>Oktay Hatırmaz</b>	Capital Markets, IFRS/CMB Reporting and Affiliates Oversight Coordinator
<b>Alper Altok</b>	Accounting and Administrative Affairs Manager

Related employees of Independent audit firms and Certified Public Accountants and Company Auditors within their responsibility areas.

- (1) Mr. R. Nebil İlseven has resigned from his duties on January 6th, 2011.
- (2) Mr. Üzdiyen has been serving since January 18th, 2011.
- (3) Mr. Yıldırım had served until General Assembly Meeting dated June, 23rd 2010.
- (4) Mr. Bilgel has resigned from his duties on January 18th, 2011.
- (5) Mr. Kırmaz has resigned from his duties on March 31st, 2010 .

### **PART III - STAKEHOLDERS**

#### **13. Informing the Stakeholder**

**13.1.** As is explained in detail in the first part of this report, Shareholders and investors are kept informed in accordance with Capital Markets legislation, CMB regulations and Public Disclosure Policy.

**13.2.** The stakeholders of the Company i.e. shareholders, investors, financial institutions and suppliers can access Company information via press releases and the Web site along with reports and presentations.

**13.3.** The Company also has an intranet site that is only accessible by employees.

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

**14.1.** The Company is in a continuous communication with its stakeholders. All feedback received from the stakeholders is presented to senior management for evaluation after various procedures and solution proposals and policies are developed.

**14.2.** There is no regulation that provides for the stakeholders participation in the Company's management.

**14.3.** Employees are kept apprised of the general activities of the Company, and their suggestions are evaluated via the intranet site.

#### **15. Human Resources Policy**

**15.1.** The basic principles of the Company's human resources policy can be summarized as follows

a) The Company does not discriminate between its employees regarding race, ethnic origin, nationality or sex and treats all employees equally. The Company offers equal opportunity to people with the same working conditions. Remuneration is based on performance evaluation and an open door policy is employed at all times.

b) Company executives and managers are selected from among candidates proven to possess the necessary professional qualifications.

c) The Company's work environment is designed to maximize safety and efficiency.

**15.2.** The human resources department of the Company has been carrying out its work in accordance with the principles mentioned above.

**15.3.** Relations with employees are carried out by Human Resources Department. There are no unionized employees in the Company

**15.4.** No complaints of discrimination have been received from any employee.

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

**16.1.** The actual activity of the Company is to invest in and form partnerships through its affiliates, subsidiaries and joint ventures (Group Companies) in its main areas of involvement of media, energy, telecommunications, tourism, insurance, industry and trade. The Group also provides finance, project development, organization, marketing, administrative consulting and internal auditing and risk management services to its subsidiaries. Since the Company is a holding, its customers and suppliers generally consist of Group Companies.

**16.2.** In addition to meeting the needs of our companies, the services provided them are designed to create value for the companies. Services are provided to business partners in accordance with market prices.

#### **17. Social Responsibility**

**17.1.** The Company is determined to protect natural resources and prevent pollution of the environment while carrying out its various activities.

**17.2.** Within the context of corporate social responsibility, the Company has invested in one of its subsidiaries, Doğan Organic Products in Kelkit, Gümüşhane, which has been recognized for its contributions to the region and pioneering activities in organic agriculture. The project, friendly to natural resources and highly observant of environmental principles and animal rights, contributes significantly to the development of the region with its "contractual farming" project. This investment is considered to be a leading regional development project in Turkey.

**17.3.** Doğan Holding, supports and takes a part on activities of various social responsibility projects executed by non-government organizations.

**PART IV - BOARD OF DIRECTORS**

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

**18.1.** There are six non-executives, four executive members on the Board of Directors.

**18.2.** Members of the Company's Board of Directors:

<u>Member</u>	<u>Position</u>	<u>Executive/Non- executive</u>
Aydın Doğan	Honorary President	Non- Executive
Arzuhan Yalçındağ	Chairperson	Executive
İmre Barmanbek	Deputy Chairperson	Executive
Yahya Üzdiyen *	Deputy Chair Person	Executive
Vuslat Doğan Sabancı	Member	Non-executive
Hanzade Vasfiye Doğan Boyner	Member	Executive
Mehmet Ali Yalçındağ	Member	Non-executive
Soner Gedik *	Member	Non-executive
Ali İhsan Karacan	Member	Non-executive

(\*) Mr. Üzdiyen and Mr. Gedik have been serving their duties from January 18, 2011

Zekeriya Yıldırım had served his duty until General Assembly Meeting at June 23,2010. Ragıp Nebil İlseven, resigned on January 6, 2011, Taylan Bilgel resigned on January 18, 2011.

The independent member does not exist in the current Board of Directors.

**18.3.** Members are elected at the annual General Assembly meeting. The members are limited to a three-year term in office and after the three years members are to be reappointed for the next period.

**18.4.** Some of the members of the Board of Directors also sit on the Board of Directors of subsidiary companies.

**18.5.** Brief personal and professional background of the Board members is available on the Company's website.

**19. Qualification of Board Members**

**19.1.** The qualifications of Board Members are in compliance with the Capital Market Board's Principles of Corporate Governance Part IV- 3.1 close.

**19.2.** The Company ensure that Board members:

- are preferably university graduates;
- possess a high level of competence and knowledge;
- are educated and experienced in Company management;
- are sufficiently competent to interpret the financial statements and reports;
- possesses basic knowledge of legal framework regulating the activities and transactions related to Company's field of activity;
- have never been convicted of violating regulations; and
- are able to attend board meetings.

**19.3.** Since the features given for the Board members defined on 19.2. the members' compliance program is not applied.

**20. Mission, Vision and Strategic Goals of the Company**

**20.1.** Our vision is to target and effectively realize investments that contribute to transparency in society and welfare and stability of the individual in relevant commercial and industrial platforms in economic life. Our mission is to monitor, innovate and implement state-of-the art commercial and technological products and applications in retail driven industries in Turkey and other prospective markets abroad; develop and maintain the necessary corporate assets to ensure proper execution of these objectives. The vision and mission of the Company is available on its website and in its annual report.

**20.2.** The strategic goals determined by the executive committee of the Company in accordance with the plans of the Company are presented to the approval of the Board of Directors prior to authorization.

**20.3.** The Board of Directors and senior management of the Company continuously monitor the status of the Company against its strategic goals, through monthly meetings. The results of Company activities and its performance are evaluated in detailed reports.

**20.4.** Board of Directors meeting held monthly to review the performance analysis of the company and its subsidiaries.

**21. Risk Management and the Internal Control Mechanism**

**21.1.** The internal control task is monitored under the responsibility of Auditing and Risk Management Presidency from the year 2010.

The main duty of the Auditing and Risk Management Presidency is to protect the rights and interests of Doğan Şirketler Grubu Holding A.Ş., its subsidiaries and shareholders, by developing mechanisms to reduce internal and external administrative risks, to inspect and audit operations and procedures to ensure compliance with Board decisions, plans, budgets, regulations, procedures, instructions, legislation and generally-accepted accounting principles.



The Auditing and Risk Management Presidency performs its auditing duties in accordance with the “International Auditing Standards” and the Internal Control Framework published by the Committee of Sponsoring Organizations (COSO).

The Information Technology department performs its auditing in accordance with the COBIT (Control Objectives for Information and Related Technology). Additionally, risk controls of the companies under the audit have been evaluated by a special software program.

**21.2.** The Audit Group identifies risks inherent in the activities of the Holding and its subsidiaries in an effort to contribute to the development of risk management and control systems and monitors the efficiency of the organizations’ risk management.

The Audit and Risk Management Presidency submits reports on financial and operational risks to the Board of Directors from data gathered through its audits. The Board of Directors also assesses risk and takes appropriate measures.

**21.3.** Since the Company is a holding company, the Company’s primary focus is on the financial performance and financial risks of its affiliated companies. The operational risks are monitored under the responsibility of the group presidents and the Board of Directors.

**21.4.** The Risk Management Procedure preparation is completed through the “COSO( Committee of Sponsoring Organizations) Corporate Risk Management Framework”.

**21.5.** The subsidiaries risks including liquidity, receivables, credits, capital, rate of exchange and inventory management are reported to Board of Directors with the purpose of close follow up of the financial risks.

## **22. Authorities and Responsibilities of Board Members and Executives**

**22.1.** According to the Company’s Articles of Association, the Board of Directors manages and represents the Company. The limit of authority of those authorized to represent the Company and to collect its revenues is published in the appropriate forums by the Board of Directors.

**22.2.** The authority to perform management tasks and representative authority can be assigned wholly or partially to individual members of the Board of Directors by the mandates of the General Meeting or by the Board of Directors.

**22.3.** The Board of Directors’ responsibilities has been determined regarding to Capital Market Board’s Corporate Governance Compliance Principles

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

**23.1.** The Board of Directors convenes as required for the Company business, but no less than once a month.

**23.2.** All decisions made by the Board of Directors are recorded in the registry book.

**23.3.** In accordance with Article 2.17.4 of Chapter IV of the CMB Principles of Corporate Governance, all Board members are present in-person at the meetings where important matters concerning the operations of the Company are going to be discussed.

**23.4.** The Board customarily meets at Company headquarters but can convene in another venue upon decision of the Board of Directors.

**23.5.** The members of the Board of Directors are assured to access any type of information to carry out their tasks. Issues to be discussed at Board meetings are conveyed to members prior to each meeting along with the agenda.

**23.6.** The ordinary agenda of the Board of Directors includes items below, and more:

- a) Reading of the minutes of the previous meeting;
- b) Information on actions taken at the previous meeting;
- c) Economic developments;
- d) Legal developments;
- e) Company performance;
- f) Financial condition of the Company; and
- g) General assessment.

Moreover, in the presence of the circumstances described below, such issues will also be on the Board’s agenda:

- a) Developments in investment projects;
- b) Approval or rejection of investments;
- c) Changes in the market value of assets;
- d) Personnel salary policy;
- e) Evaluation of audits;
- f) Discussions of the annual budget and business plan;
- g) Determination of fiscal policy; and
- h) Determination of dividend distribution policy.

**23.7.** The Legal Affairs Division serves as Secretariat to the Board of Directors.

**23.8.** Since all decisions made by the Board of Directors have been the result of a unanimous vote, there has been no need to vote on differing proposals offered by members at the meetings. In addition because they are in constant contact, no questions were raised by members that required note in the registry.

**23.9.** The members of the Board of Directors have no privileged voting rights including the right to veto.

**23.10.** Travel and meeting expenses of the Board of Directors as well as the expenses for the special tasks related to the Board's activities and similar expenses are paid out of the Company's general budget without any restrictions.

#### **24. A Ban on Doing Business with the Company and Non-Compete Clause**

The required permission for members of the Board of Directors to carry out transactions specified in Articles 334 and 335 of the Turkish Commercial Law is granted through the resolution of the General Assembly. As per the Company information, none of the Board of Directors has any business activity conflicting with the Company's field of activity.

#### **25. Code of Ethics**

The Company's code of ethics has been available on its website.

#### **26. Number, Structure and Independence of Committees**

**26.1.** The Company has established an Audit Committee to ensure that the Board of Directors successfully performs its tasks in accordance with Capital Markets Board legislation.

**26.2.** 1As per Board of Directors resolution dated October 19th, 2010 regarding increasing the number of Audit Committee members to four. The Audit Committee Members are as follows;

Soner Gedik\* : Board Member, Non-Executive  
Ali İhsan Karacan : Board Member, Non-Executive  
Ahmet Toksoy : Audit and Risk Management President  
Murat Doğu : Capital Markets, IFRS/CMB Reporting and Affiliates Oversight

*(\*) Has been serving since March 30, 2011*

*Taylan Bilgel, has resigned on January 18, 2011.*

**26.3.** Audit Committee members possess qualifications enabling them to perform their duties and were selected from among the non-executive members of the Board.

**26.4.** The Audit Committee conducts its activities regularly in accordance with Capital Markets regulations and the Capital Market Board's Corporate Governance Principles. In conjunction with this, in 2010:

a) The Company's annual/interim financial statement and footnotes and independent auditor's reports were all examined prior to public release; and

b) The opinion on the choice of independent auditor was delivered, and its contract with the Company was reviewed.

**26.5.** The Audit Committee holds meetings at least four times a year and presents its decisions to the Board of Directors in written format.

**26.6.** The Audit Committee is acting within the limits of its authority and responsibilities and advises the Board of Directors. However, final decisions are made by the Board of Directors.

**26.7.** The Corporate Governance Committee has established on December 28th, 2010 to support and improve the activities on Corporate Governance. The Committee members are as follows;

Ali İhsan Karacan : President, Board Member, Non-Executive  
Soner Gedik\* : Member, Board Member, Non-Executive  
Murat Doğu : Member, Capital Markets, IFRS/CMB Reporting and Affiliates Oversight Group President  
Hande Özer : Member, Capital Markets, IFRS/CMB Reporting and Affiliates Oversight Coordinator

*(\*) Has been serving since April 4th , 2011.*

*Taylan Bilgel, has resigned on January 18, 2011.*

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

**27.1.** According to the Company's Articles of Association remuneration to be paid the Board of Directors as compensation for their services is to be determined at the General Assembly.

**27.2.** The members of the Board of Directors do not receive loans from the Company either in cash or in any other form. They are also not authorized to offer any guarantee in favor of or co-sign along with any member.