



Corporate Governance Rating Report



6 November 2017

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Rating and Executive Summary

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. (DOHOL)

 SAHA
Corporate Governance Rating:

9.41



MAIN SECTIONS: **Avg. 94.06**

Shareholders: **94.88**



Public Disclosure & Transparency: **96.50**



Stakeholders: **93.92**



Board of Directors: **91.79**



0 10 20 30 40 50 60 70 80 90 100

EXECUTIVE SUMMARY

This report on rating of Doğan Şirketler Grubu Holding A.Ş.'s ("Doğan Holding" or "Holding") compliance with Corporate Governance Principles is prepared upon conclusions following detailed analysis of the Holding. Our rating methodology (page 6) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles".

Doğan Holding is rated with **9.41** as a result of the Corporate Governance study done by SAHA. Doğan Holding's corporate governance rating is revised as above in consideration with the importance given by Holding to corporate governance principles, its willingness to carry out the continuous and dynamic process and improvements which had been initiated in this direction.

Furthermore, SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc.. Doğan Holding is analyzed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on July 21, 2017 can be accessed at <http://www.saharating.com>.

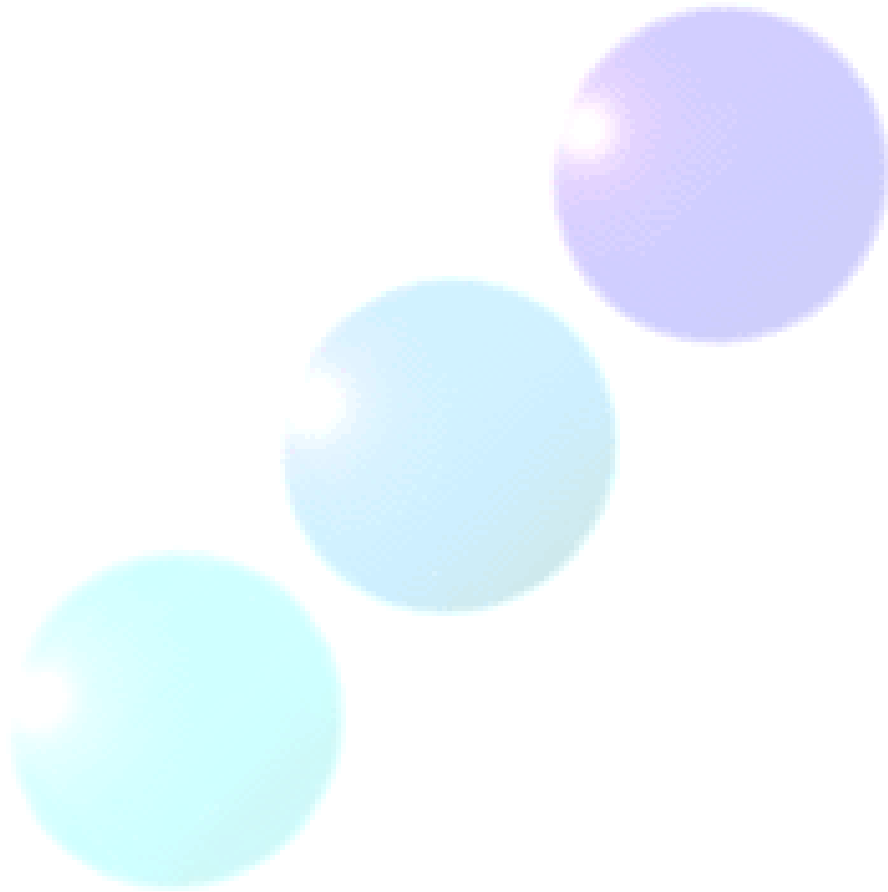
Doğan Holding is rated with **9.49** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, articles of association and other internal rules and regulations, and measures have been taken to ensure the exercise of these rights. Holding carries out the investor relations obligations through the Investor Relations Department. There is no upper limit or privileges on voting rights. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation, rules and regulations. There is a publicly disclosed, consistent dividend policy of the Holding. There are no restrictions on transfer of shares. On the other hand, in the Holding's articles of association, the rate of minority rights is adopted as prescribed for listed companies (%5). The Holding has established a policy on donations and grants, disclosed it to the public on the corporate website and submitted to the general shareholders' meeting for approval.

Doğan Holding attained **9.65** under the **Public Disclosure and Transparency** chapter. There is a comprehensive website that includes all information listed in the CMB's Corporate Governance Principles pertinent to "Public Disclosure". Public announcements are made via all communications channels and are in accordance with CMB and Borsa Istanbul A.Ş. (BIST) rules and regulations. The names of the Holding's ultimate controlling individual shareholders as identified after being released from indirect or cross shareholding relationships between co-owners are disclosed to the public. Also the annual report is comprehensive and informative. However, benefits provided to board members and senior executives are not listed on individual basis in the annual report.

On the topic of **Stakeholders**, Doğan Holding scored **9.39**. Doğan Holding guarantees the rights of stakeholders in line with the legislation and mutual agreements, and in case of violation, enables an effective and speedy compensation. A written compensation policy for the employees is established and disclosed to the public on the Holding's website. There is an effective and comprehensive human resources policy and it is updated regularly. Models have been developed to support the participation of stakeholders in the management of the Holding, but such models are not included in the articles of association. Code of ethics is publicly available through the Holding's website. There is a high level of contribution to social responsibility projects undertaken by Group companies and to Aydın Doğan Foundation's initiatives aiming to solve universal and social problems. No lawsuits have been filed against the Holding due to any environmental damages.

From the perspective of the principles regarding the **Board of Directors**, Doğan Holding's tally is **9.18**. There is a well communicated Holding mission and vision, and the board fulfills all duties regarding Holding needs. Chairman of the board of directors and the chief executive officer is not the same person. The board of directors consists of nine members, three of whom are independent. CMB criteria are complied with in designation of the independent members of which each have signed a declaration of independence. There are five female members on the board of directors. Necessary changes on the articles of association were made to comply with the CMB regulations on related party transactions of a significant nature. Corporate Governance, Audit, and Early Risk Detection Committees are established within the board of directors and their working principles are disclosed to the public. Our observations will continue in order to have a more precise view of the activities and the degree of functionality of the committees. Principles of remuneration of board members and senior executives are available on the Holding's website. Any losses

incurred by the Holding as a result of not performing the executives' duties duly are protected by an insurance policy.



Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's "Corporate Governance Principles" released on January 2014.

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

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the Holding's governance practices in future should be mentioned in the annual report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders, and the board of directors.

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 330 sub-criteria. During the rating process, each criterion is evaluated on the basis of information provided by the Holding officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.


SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.23).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

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

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

Company Overview

Doğan Şirketler Grubu Holding A.Ş.	
	<p>Chairwoman of the Board of Directors Y. Begümhan Doğan Faralyalı</p> <p>Chief Executive Officer Yağmur Şatana</p>
<p>Burhaniye Mah., Kısıklı Cad., No:65, 34676 Üsküdar, İstanbul www.doganholding.com.tr</p>	<p>Head of Investor Relations Department Murat Doğu Tel: (0 216) 556 90 00 mdogu@doganholding.com.tr</p>

Doğan Şirketler Grubu Holding A.Ş. (Doğan Holding) was established on September 22, 1980 with the purpose of investing in the media, energy, retail, tourism, industry and marketing sectors through subsidiaries, to provide financing support, management consultancy and internal audit services to subsidiaries and business partners.

Shares of Doğan Holding, and its subsidiaries Milpa Ticari ve Sınai Ürünler Paz. San. ve Tic. A.Ş., Çelik Halat ve Tel Sanayii A.Ş., Ditaş Doğan Yedek Parça İmalat ve Teknik A.Ş., Doğan Gazetecilik A.Ş., Hürriyet Gazetecilik ve Matbaacılık A.Ş. and its joint venture Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. are traded at Borsa İstanbul A.Ş. (BİAŞ).

Doğan Holding is active in many countries and engaged in strategic cooperation with many local and foreign groups. A complete list of Holding's strategic partners, subsidiaries and affiliates are disclosed to the public on the corporate website.

Holding shares are traded under "DOHOL" code at BIST Stars Market and Doğan Holding is a constituent of BIST National (XULUS), BIST 30 (XU030), BIST 50 (XU050), BIST 100 (XU100), BIST All Shares (XUTUM), BIST Holding and Investment (XHOLD), BIST Financials (XUMAL), BIST Stars (XYLDZ), BIST Sustainability (XUSRD), BIST İstanbul (XSIST) and BIST Corporate Governance (XKURY) indices.

A non-distribution of dividend was decided at the general shareholders' meeting held on March 31, 2017 due to the reported net loss for the year.

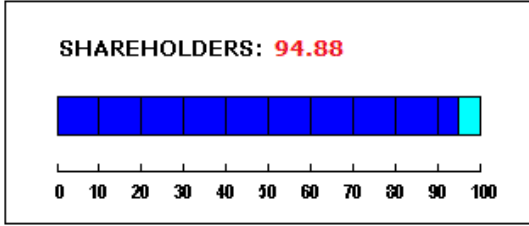
The capital structure of the Holding as of the date of the report is as follows:

Capital Structure		
Shareholder	Share Amount (TL)	Share %
Adilbey Holding A.Ş.	1,290,679,019	49.32
Doğan Family	377,126,525	14.41
Shares Traded on BIST	949,132,744	36.27
	2,616,938,288	100.00

Composition of the board of directors is as follows:

Doğan Holding Board of Directors	
Name	Title
Yaşar Begümhan DOĞAN FARALYALI	Chairwoman
Hanzade Vasfiye DOĞAN BOYNER	Vice Chairwoman
Arzuhan YALÇINDAĞ	Board Member
Vuslat SABANCI	Board Member
İmre BARMANBEK	Board Member Corporate Governance Committee Member
Yağmur ŞATANA	Board Member Chief Executive Officer
Tayfun BAYAZIT	Independent Board Member Chairman of; Audit, Corporate Governance and Early Risk Detection Committees
Ahmet Vural AKIŞIK	Independent Board Member
Hacı Ahmet KILIÇOĞLU	Independent Board Member Audit Committee Member

SECTION 1: SHAREHOLDERS



SYNOPSIS

+	Equal treatment of shareholders
+	Unrestricted shareholder rights to review and receive information
+	No upper limits or privileges on voting rights
+	Voting rights are facilitated
+	General shareholders' meetings are conducted in compliance with the legislation
+	No restrictions on transfer of shares
+	Specific and consistent dividend distribution policy
+	Policy on donations and grants is established and submitted to the general shareholders' meeting for approval
=	Minority rights are not recognized for shareholders who possess an amount less than one-twentieth of the share capital

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

Investor Relations Department of Doğan Holding performs its duties under the coordination of Deputy Head of Finance in charge of Capital Markets, Financial Reporting and Budget. The investor relations and legal and financial affairs staff serve under this department which is managed by Mr. Murat Doğu, holder of CMB Advanced Level Corporate Governance Rating Specialist licenses.

The "Investor Relations Department" plays an active role in protecting and facilitating shareholders' rights and in particular the right to obtain and review information, and its duties are as follows;

- To ensure that the records relating to the written correspondence with the investors and other information are kept in a healthy, safe and updated manner.
- To respond to the queries of the shareholders requesting written information on the Holding.
- To ensure the general shareholders' meeting is held in compliance with the applicable legislation, articles of association and other Holding by-laws.
- To prepare the documents that might be used by shareholders in the general shareholders' meeting.
- To supervise the fulfillment of the obligations arising from capital markets legislation including all corporate governance and public disclosure matters.

The Department submits a report to the board of directors at least once a year on its conducted activities.

Information and explanations that may affect use of shareholders' rights is available up to date on the corporate website of the Holding.

The ratio of Doğan Holding's public shares traded on BIST to total capital is 36.27%.

1.2. Shareholders' Right to Obtain and Evaluate Information:

There is no evidence of any hindering process or application regarding the appointment of a special auditor. No such request has been received from shareholders during the reporting period.

All kinds of information about the Holding required by the legislation are provided in a complete, timely, honest, and diligent manner and there is no fine/warning received in this regard.

The Holding has constituted a disclosure policy and submitted to the general shareholders' meeting and disclosed it to the public on the corporate website.

1.3. Minority Rights:

Maximum care is given to the exercise of minority rights. However, minority rights are not recognized for shareholders who hold an amount less than one-twentieth of the share capital, and the Holding has adopted exactly the rate foreseen in the legislation for listed companies.

There is no evidence of any conflict of interest between the majority shareholders and that of the Holding.

1.4. General Shareholders' Meeting:

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the general shareholders' meeting held on 2017 is performed through all means of communication available to the Holding in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time

of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting; and the exact location where annual report, financial statements and other meeting documents can be examined.

The Holding has also prepared a descriptive disclosure document on agenda items.

Commencing from the date of announcement of invitation for the general shareholders' meeting; the annual report, financial statements and reports, and all other related documents pertaining to the agenda items are made available to all shareholders for examination purposes in convenient locations including the headquarters of the Holding and the electronic media.

Shareholders are informed of the following issues prior to the general shareholders' meeting via the corporate website;

a. Total number of shares and voting rights reflecting the Holding's shareholding structure as of the date of disclosure, information on there are no privileged share groups within the Holding capital.

b. Information on changes in management and activities of the Holding and its subsidiaries in the previous fiscal year, or planned for the upcoming fiscal period which can significantly affect the Holding operations and the reasons behind (extraordinary shareholders' meeting and justifications).

c. Grounds for dismissal and replacement of board members, candidates' backgrounds and tasks carried out in the last decade, the nature and significance level of the relationship of the Holding and related parties, whether it has the quality of

independence and information on similar issues.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the conduct of the general shareholders' meeting was related to the agenda items. Previous and recent versions of the amendment to the articles of association were also included in the agenda and the disclosure document.

Items on the agenda were conveyed in detail and in a clear and understandable way by the chairman of the meeting and shareholders were given equal opportunity to voice their opinions and ask questions. The chairman made sure that each question is answered directly at the meeting provided that they do not constitute a trade secret.

Shareholders were informed that there is no procedure granting shareholders who have control of the management, members of the board of directors, managers with administrative responsibility, their spouses and up to second degree blood relatives to execute transactions and compete with the Holding and/or its affiliates, to make a commercial business transaction for himself or on behalf of others or to join to another company dealing with the same type of commercial business as a partner with unlimited responsibility.

A member of the board of directors related with the issues of a special nature on the agenda, other related personality, authorized persons who are responsible for preparing the financial statements and auditors were present to give necessary information and to answer questions at the general shareholders' meeting.

Since there is no approval by the majority of independent members, there has been no proposal submitted to the approval of the general shareholders' meeting.

Holding's article of association indicates that policy on upper limit of donations and grants is subject to the approval of the general shareholders' meeting. Shareholders are informed, with a separate agenda item, on all donations effectuated during the period and the amount of benefits and beneficiaries. A policy on donations and grants is established and submitted to the general shareholders' meeting for approval.

General shareholders' meetings are conducted with the attendance of stakeholders and media with no voting rights, but there is no provision in the articles of association of the Holding in this respect.

1.5. Voting Rights:

There are no voting privileges at Doğan Holding and all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately. The Holding avoids applications that make it difficult to exercise voting rights.

1.6. Dividend Rights:

The dividend policy of Doğan Holding is clearly defined and disclosed to the public on the Holding's website. It is submitted to the shareholders at the general shareholders' meeting and is incorporated in the annual report.

The Holding's dividend distribution policy contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles. A balanced policy is followed between the

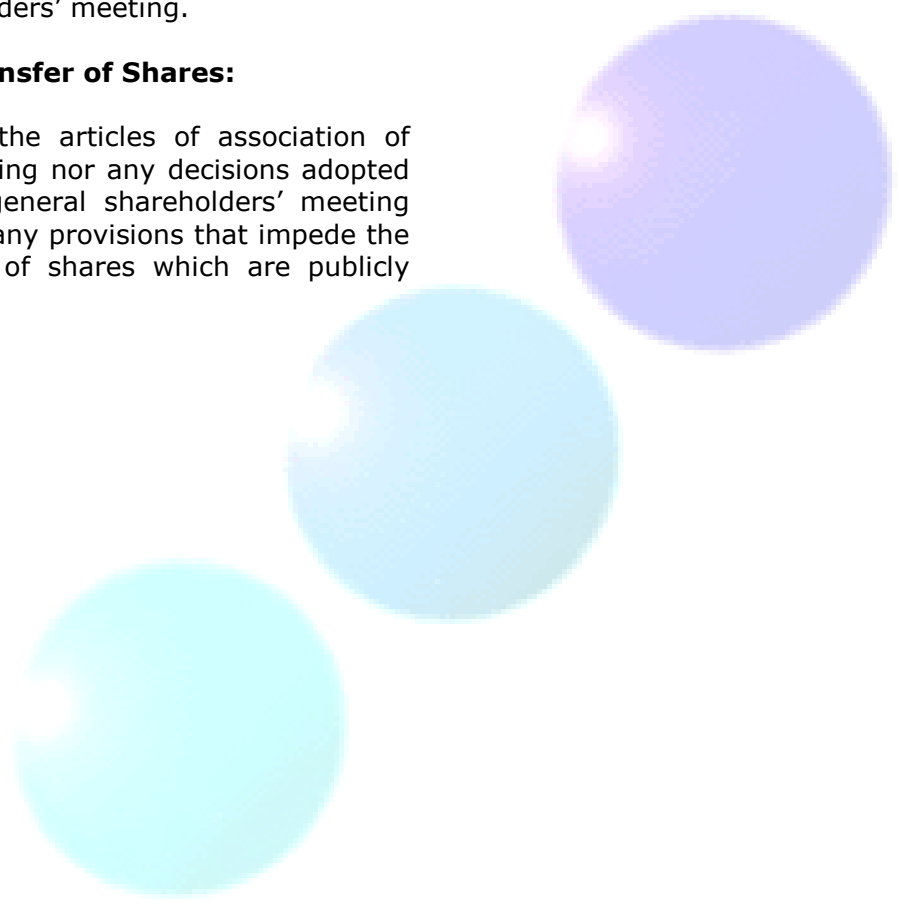
interests of the shareholders and that of the Holding.

The articles of association of the Holding contain a provision on advance dividend payments.

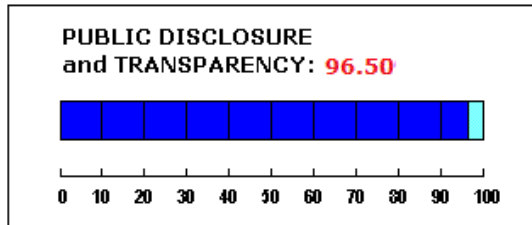
Since there was no distributable profit shown on the legal records for the fiscal year, a non-distribution of dividend was approved by a majority vote at the ordinary general shareholders' meeting.

1.7. Transfer of Shares:

Neither the articles of association of the Holding nor any decisions adopted at the general shareholders' meeting contain any provisions that impede the transfer of shares which are publicly traded.



SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



SYNOPSIS

+	Comprehensive Disclosure Policy, disclosed to public on the corporate website
+	Comprehensive website, actively used for public disclosure
+	List of ultimate controlling individual shareholders are disclosed to the public
+	Annual report complies with the legislation, comprehensive and informative
+	Important events and developments disclosed in accordance with the legislation
+	English version of the website for the benefit of international investors
+	Remuneration policy established and disclosed to public on the corporate website
+	Dividend distribution policy disclosed to public via corporate website
=	Benefits provided to board members and senior executives are mentioned collectively in the annual report
-	Participation status of the members to the board meetings, frequency of the meetings held during the year, and assessment of the board of directors on the efficiency of the committees are not included in the annual report

2.1. Corporate WebSite:

Holding's website is actively used for disclosure purposes and the information contained therein is timely updated.

Along with the information required to be disclosed pursuant to the legislation, the Holding's website includes; trade register information, information about latest shareholder and management structure, information that there are no privileged shares, date and the number of the trade registry gazette on which the changes are published along with the final version of the Holding's articles of association, publicly disclosed material information, annual reports, periodical financial statements, prospectuses and circulars and all other public disclosure documents, agendas of the general shareholders' meetings, list of participants and minutes of the meeting, form for proxy voting, disclosure policy, dividend distribution policy, ethical rules of the Holding, frequently asked questions including requests for information, questions and notices, and responses thereof.

In this context, information on at least the last five years can be reached on the website.

The Holding's shareholding structure along with the merger documents; the names, amount and rate of the shares held by the Holding's ultimate controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners is disclosed to the public via the website, and updated bi-annually.

The information contained on the website exists also in English (exactly same with Turkish content) for the benefit of international investors.

The Holding's website also includes; investor presentations, working principles of the committees, important board decisions under the heading of material disclosures, the vision/mission of the Holding established by the board, information on capital increases for the past 5 years, news, general shareholders' meeting internal guidelines, social responsibility activities, information on senior management, financial data, main ratio analysis, website disclaimer and terms of use, timetable on events/developments which considers investors, and the human resources policy.

2.2. Annual Report:

Annual report is prepared in detail by the board of directors to provide public access to complete and accurate information on the Holding and it covers information such as;

- a. Period covered by the report, the title of the Holding, trade register number, contact information.
- b. The names of the chairmen, members involved in the management and supervisory boards.
- c. The sectors in which the Holding operates and information on its position in these sectors.
- d. Qualifications of the Holding's units, general explanations related to their activities and performances, and yearly developments.
- e. Progress on investments and the eligibility status on incentives.
- f. The Corporate Governance Principles Compliance Report.
- g. Information on related party transactions.

- h. Other issues not included in the financial statements, but are beneficial for users.
- i. The Holding's organization, capital and ownership structure and any changes in the related accounting period.
- j. Information on all benefits provided to staff and workers and number of personnel,
- k. Information that no board member is involved in any transaction with the Holding on their behalf or someone else within the framework of permission granted by general shareholders' meeting along with their activities within the scope of restraint of trade.
- l. The dividend distribution policy.
- m. Basic ratios on the financial position, profitability and solvency.
- n. The Holding's financing resources and risk management policies.
- o. Information on major events occurred between the closing of the accounting period and the date of the general shareholders' meeting where financial statements are evaluated.

In addition to the matters specified in the legislation, following issues also took place in the annual report:

- a. External duties of board members and executives.
- b. Declaration of independence of the related board members.
- c. Members of the committees within the board and their working principles.
- d. Number of board meetings held during the year.
- e. Changes in legislation which could significantly affect the Holding's operations.
- f. Major court cases against the Holding and possible consequences.
- g. Benefits and vocational training of employees, and other Holding activities that give rise to social and environmental results.

- h. Rating results.
- i. Implementation of the corporate governance principles as required by the CMB communiqué, explanations on reasons behind any non-compliance.

On the other hand, benefits provided to board members and senior executives are mentioned collectively, but best application of Corporate Governance Principles dictate that this information is given on an individual basis. Another area open for refinement is that participation status of the members to the board meetings, frequency of the meetings held during the year, and assessment of the board on the efficiency of the committees are unmentioned in the annual report.

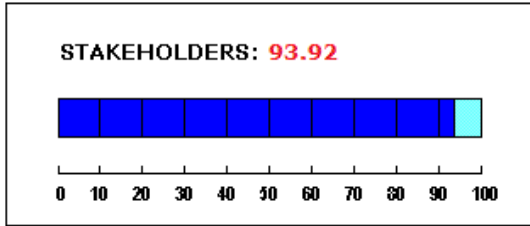
2.3. External Audit:

The external audit of the Holding is conducted by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

There has not been a situation where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion. Also it has been declared that there has been no legal conflict between the Holding and the external audit firm.

External audit firm and their audit staff did not provide consulting services for a price or free of charge during the audit period. No consulting company in which the external audit firm is in a dominant position either directly or indirectly in management or capital provided any consulting services during the same period.

SECTION 3: STAKEHOLDERS



SYNOPSIS

+	Measures to safeguard stakeholders' rights are facilitated
+	Efficient Human Resources Policy
+	Stakeholders' views are taken on important decisions that give rise to the results which considers them
+	Code of ethics disclosed to the public
+	Holding is socially and environmentally sensitive and respectful
+	A written employee compensation policy is established and disclosed to the public on the website
+	Effective social responsibility projects implemented
=	No provision in the articles of association regarding the participation of stakeholders in the management of the Holding despite the existence of certain incentive models

3.1. Holding Policy Regarding Stakeholders:

Doğan Holding recognizes the rights of stakeholders established by law or through any other mutual agreement. In case the rights of the stakeholders are not regulated by the relevant legislation and protected by contracts, the Holding protects the interest of stakeholders under good faith principles and within the capabilities of

the Holding. Effective and expeditious compensation is provided in case of violation of the rights.

The website of the Holding is actively used to provide adequate information on policies and procedures towards the protection of stakeholders' rights.

The corporate governance structure of the Holding ensures that its stakeholders, including its employees and representatives, report their concerns to the management concerning any illegal or unethical transactions.

In addition, a written compensation policy is established and disclosed to the public.

3.2. Stakeholders' Participation in the Holding Management:

Doğan Holding has developed models for stakeholders, particularly employees to participate in management without impeding the operations of the Holding. Requests are evaluated and solutions are developed by establishing contact with relevant departments. Employees are kept apprised of the general activities of the Holding, and their suggestions are evaluated via the Intranet site. However these models and mechanisms are not included in the articles of association.

3.3. Holding Policy on Human Resources:

Doğan Holding's human resources policy is based on alignment of corporate and individual targets. Keeping corporate loyalty at high levels and having the corporate culture adopted and embraced by everyone is

aimed. Importance is given to commitment to the Holding and corporate culture and the primary goal are to have employees be proud of corporate achievements as well as individual accomplishments.

All employees in Doğan Holding have equal rights. Distinctive features such as nationality, beliefs, ethnic origin, gender, disablement, political views and ages are regarded as richness in terms of human resources, and individuals are not judged for their personal differences.

Personal and professional records of the employees are kept in the Holding's human resources software and all personal and professional details of their educational/training backgrounds and achievements to the payroll information are stored. The software preserves all private and personal information of the employees.

Doğan Holding's recruitment policy is based on candidates' educational background, experience, competency, career goals and expectations in compliance with requirements of each position and corporate needs.

The Human Resources Department identifies personal knowledge, skills and competencies of the employees, and organizes several personal and vocational training programs during the year. Holding also provides internship opportunities to high school and undergraduate students.

Doğan Holding adopts the policy of "equal pay for equal job" in consideration with the market conditions and in-house balances and sets and updates salary scales according to market tendencies and individual performance. In addition, all employees are offered certain benefit packages in line with their titles.

3.4. Relations with Customers and Suppliers:

Doğan Holding has taken all necessary precautions to attain customer satisfaction in marketing of its products and services.

Care is taken on the confidentiality of all trade secret data and information on customers and suppliers.

3.5. Ethical Rules & Social Responsibility:

The ethical rules of Doğan Holding are publicly disclosed through the corporate website.

For Doğan Group, corporate social responsibility is about managing business processes to create a positive impact on society. Transparency, fairness, accountability and responsibility are central. To create economic value for each stakeholder under fair conditions is essential.

Aydın Doğan Foundation was established in 1996 to contribute creating modern generations that honor universal values and are able to contribute to the solution of social and economic issues. Engaged in a wide range of charitable activities, the Foundation makes significant contributions to education, health, scientific research, culture, the arts and sports. Since its establishment, the Foundation has distributed various awards by organizing national and international competitions; has built sports and educational facilities and has been providing support for high quality education at these facilities.

In addition, Doğan Group of Companies carry out social responsibility projects such as *No! To Domestic Violence - Dad, Send Me To School - Rightful Women Platform - Kelkit Venture*. They aim to support efforts to solve important problems of

the country and raise awareness through publications, international conferences, trainings, grants, campaigns and other activities. Detailed information about these initiatives can be found on the Holding's corporate website under *Corporate Responsibility*.

Doğan Holding complies with ethical rules through its regulations relating to the environment, the consumer, public health and respect internationally recognized human rights.

3.6. Sustainability:

Providing products and services in a wide range of sectors, Holding companies devise policies and strategies to protect and improve the environment; prevent pollution; preserve and foster biodiversity, wildlife, ecology, flora and fauna, water ways and natural resources.

Following the treatment, the treated sludge is kept at hazardous waste depositories in accordance with the standards set by the Ministry of Environment and Urbanization and then delivered to licensed companies for disposal.

There is an integrated chemical and biological treatment plant at Istanbul press facilities.

Out of use electronic scrap such as batteries, chemicals, cartridges and toners, mineral oil, aluminum molds, cables, computers, bulbs, other devices, etc. are delivered to licensed companies for recycling.

As per the Regulation on Soil Pollution Control, the Environmental Control Department takes measures and posts warnings against soil pollution at production facilities.

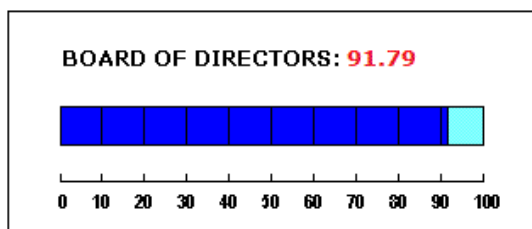
Landscaping and maintenance of the separated green space in all facilities

are regularly carried out by specialist firms.

The Holding's Environmental Policy is followed by the Holding and all Group companies. Group companies participate in the determination of environmental objectives. The Early Risk Detection Committee is charged with implementing the Environmental Policy.

The Committee sets environmental objectives, establishes the environmental management system, determines performance criteria, and creates action plans. The efficiency of the environmental management system is inspected by the audit departments of the Holding and Group companies, and the results are submitted for the assessment of the Audit Committee and the Board of Directors.

SECTION 4: BOARD OF DIRECTORS



SYNOPSIS

+	The Holding's vision, mission and strategic goals are defined
+	The board works efficiently and staffed with qualified members
+	Three independent members on the board
+	Audit, Corporate Governance and Early Risk Detection Committees are established
+	Principles of remuneration of board members and senior executives are determined and disclosed to the public
+	Five female members on the board
+	Each member has a right to a single vote
+	The conduct of the board of directors meetings is defined in internal regulations and meeting and decision quorums have been included in the articles of association
=	An insurance policy exists on compensation for losses incurred by the Holding, and third parties, as a result of not performing the executives' duties duly, but not with an amount exceeding 25% of the capital of the Holding

4.1. Functions of the Board of Directors:

Strategic decisions of the board of directors aim to manage the Holding's risk, growth, and return balance at an

appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the Holding. The board administers and represents the Holding within these parameters.

The board of directors has defined the Holding's strategic goals and identified the needs in human and financial resources, and controls management's performance. The board also oversees that Holding activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

4.2. Principles of Activity of the Board of Directors:

Board of directors performs its activities in a transparent, accountable, fair and responsible manner.

Distribution of tasks between the members of the board of directors is explained in the annual report. The board of directors established various internal control systems which are inclusive of risk management, information systems, and processes by also taking into consideration the views of the committees. In this context, the board reviews the effectiveness of risk management and internal control systems at least once a year.

The presence, functioning, and effectiveness of internal controls and internal audit are explained in the annual report. Chairman of the board and chief executive officer's executive powers are clearly separated. There is no individual in the Holding who has unlimited authority to take decisions on his/her own.

The board of directors plays a leading role in maintaining effective communication between the Holding and the shareholders and settling any disputes which may arise. The board works in close coordination with the Corporate Governance Committee and the Investor Relations Department in this context.

Defects and damages caused by the board members during their duties have been insured, but not with an amount exceeding 25% of the capital of the Holding.

4.3. Structure of the Board of Directors:

The Holding's board of directors is composed of nine members and one of them is executive. Among the non-executive board members there are three independent members who have the ability to execute their duties without being influenced under any circumstances.

No upper limit for the number of independent board members is stated in the articles of association. Tenure of office for independent members is designated as 3 years.

The Corporate Governance Committee have prepared a report on the candidates proposed by the board and shareholders, by taking into consideration of whether or not the candidate meets the independency criteria and submitted this assessment as a report to the board for its approval. CMB criteria are complied with in determining independent candidates. Independent candidates for the board of directors have each signed a declaration of independence within the framework of the legislation, articles of association, and the CMB criteria.

There are five female members on the board. The Corporate Governance

Principles' advisory target of minimum 25% female membership rate on the board of directors has overwhelmingly met.

4.4. Conduct of the Meetings of the Board of Directors:

Board meetings take place with sufficient frequency. Members hold decent number of ordinary meetings.

Chairman of the board of directors sets the agenda for board meetings in consultation with chief executive and other board members. Information on the agenda items of the board meeting is made available to the members in sufficient time prior to the meeting date. Each member of the board has a right to one vote.

The conduct of the board of directors meetings is documented in internal regulations and meeting and decision quorums have been included in the articles of association of the Holding.

There are no certain rules or limitations for board members taking on additional duties as executives and/or board members outside the Holding. Since the entity is a Holding company this case does not lead to any conflict of interest.

4.5. Committees Established Within the Board of Directors:

An Executive Board, a Corporate Governance Committee, an Audit Committee, and an Early Risk Detection Committee are established from within the board of directors in order to fulfill its duties and responsibilities.

Functions of the committees, their working principles, and its members are designated by the board of directors and disclosed to the public on the Holding's website.

All members of the Audit Committee are elected among the independent board members. Also the chairman of the Corporate Governance Committee and the Audit Committee is elected among the independent board members. The chief executive is not on the committees. With the exception of the Investor Relations Department manager who serves on the Corporate Governance Committee as per corporate governance principles, there are no other executive members on the Corporate Governance Committee and the Audit Committee. Chairman of the Early Risk Detection Committee is non-executive but the members are executive.

All necessary resource and support needed to fulfill the tasks of the committees are provided by the board of directors. Committees can invite any manager as they deem necessary to their meetings and obtain their views.

The frequency of committee meetings is sufficient, all work conducted is documented and records are kept. Reports on the studies and the results of the meetings are submitted to the board of directors.

Audit Committee supervises the operation and efficiency of the Holding's accounting system, public disclosure, external audit and internal audit systems.

It also reviews complaints that are received by the Holding regarding Holding accounting, internal and external independent audit systems, within the framework of the principle of confidentiality and finalizes them.

Committee immediately notifies the board in writing on findings related to their duties and responsibilities and the related assessment and recommendations. Following taking the opinion of responsible managers of

the Holding and the external auditor, notifies the board in writing on whether the annual and interim statements disclosed to the public is in accordance with the Holding's accounting principles, true and accurate.

Audit Committee members possess the qualifications mentioned in the Corporate Governance Principles communiqué.

The annual report contains information on the activities and meeting resolutions of the Audit Committee, but the number of written notices given to the board of directors during the fiscal year is not included.

The nomination and election process of the external audit firm, taking into account its competence and independence, starts with a proposal from the Audit Committee to the board and ends with the board's choice being presented and approved at the general shareholders' meeting.

The Corporate Governance Committee is established in order to determine whether or not corporate governance principles are being fully implemented by the Holding, if implementation of some of the principles are not possible, the reason thereof, and assess any conflict of interests arising as a result of imperfect implementation of these principles, and present remedial advices to the board of directors. In addition, it oversees the work of the Investor Relations Department.

The Early Risk Detection Committee reviews risk management systems at least once a year. It achieves early identification of risks that may jeopardize the Holding's existence and continued development, implements the necessary measures identified with the associated risks and conducts studies to manage such risks.

The Corporate Governance Committee carries out the duties of the Nomination Committee and the Remuneration Committee, since they are not established yet. It has made its proposal on suitable independent candidates for the board of directors. The Committee's creation of a transparent system of evaluation and training, determination of the relevant policies and strategies, and remuneration principles for all suitable board nominees will continue to be monitored by us.

However; we need further observation to assess the degree of efficiency and functionality of the Corporate Governance Committee, particularly with regard to its reviews on the structure and efficiency of the board of directors. Also, whether the Committee submits its recommendations to the board members on changes that can be done on these matters; whether it ensures that a system with regards to the principles and practices regarding career planning and rewarding of the board members is implemented; and by taking into account the degree of achievement of the criteria, whether it makes proposals to the board on remuneration of the board members and senior executives will need to be monitored further.

4.6. Remuneration of the Board of Directors and Senior Management:

The board of directors explained in the annual report whether the operational and financial targets disclosed to the public are met or not, along with reasons behind possible failures. The principles of remuneration of board members and senior executives has been documented in writing and submitted to the shareholders as a separate agenda item in the general

shareholders' meeting. The related remuneration policy can be found on the Holding's website.

Stock options or performance based payments are not included in the remuneration package of the independent board members. Their remuneration is designated at a level to maintain their independence

The Holding does not lend any funds or extend any credits to a member of the board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

The executives have the required professional qualifications in order to perform the assigned duties. The executives comply with the legislation, articles of association, and in-house regulations and policies in fulfilling their duties.

There have been no cases where the executives used confidential and non-public Holding information in favor of themselves or others. There are no executives who accepted a gift or favor directly or indirectly related to the Holding's affairs, and provided unfair advantage.

Losses incurred by the Holding as a result of not performing the executives' duties duly are insured.

Rating Definitions

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

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