



Corporate Governance Rating Report



5 November 2014

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Rating and Executive Summary

DOĞAN ŞİRKETLER GRUBU HOLDİNG A.Ş. (DOHOL)

 SAHA
Corporate Governance Rating:

9.35



MAIN SECTIONS: **Avg. 93.53**

Shareholders: **94.36**



Public Disclosure & Transparency: **95.70**



Stakeholders: **93.92**



Board of Directors: **91.23**



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 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles".

Doğan Holding is rated with **9.35** 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 the Holding to corporate governance principles, its willingness to carry out the continuous and dynamic process and improvements which had been initiated in this direction.

Additionally, Doğan Holding takes place in the World Corporate Governance Index (WCGI) published by SAHA on July 4, 2014. Details of the World Corporate Governance Index (WCGI) published by SAHA can be accessed at <http://www.saharating.com>.

Doğan Holding is rated with **9.44** 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. The Holding carries out the investor relations obligations through Shareholder Relations Unit. 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 consistent dividend policy of the Holding and it is disclosed to the public. There are no restrictions on transfer of shares. On the other hand, in the articles of association, the rate of minority rights is adopted as prescribed for public joint stock companies (%5). The donations and grants policy is announced to the public on the corporate website. This policy will be presented to the first upcoming general shareholders' meeting for approval.

Doğan Holding attained **9.57** under the **Public Disclosure and Transparency** chapter. The corporate website is comprehensive and includes all information listed in the "Corporate Governance Principles" pertinent to public disclosure. Public announcements are made via all communications channels and are in accordance with the CMB and Borsa Istanbul A.Ş. (BIST) rules and regulations. The names of ultimate controlling individual shareholders as identified after being released from indirect relationships between co-owners are disclosed to public. The annual report is comprehensive and informative. Benefits provided to board members and senior management, however, are not listed on an 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 is disclosed to public on the website. The Holding has an efficient 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 not mentioned in the articles of association. Code of ethics is disclosed on the Holding's website. Attempts toward solving universal and social problems are supported by high-level initiatives of the Aydın Doğan Foundation and social responsibility projects carried out by the Doğan Group of companies. There is no lawsuit filed against the Holding due to any damage to the environment.

From the perspective of the principles regarding the **Board of Directors**, Doğan Holding's tally is **9.12**. There is a well communicated Holding mission and vision, and the board fulfills all duties regarding needs of the Holding. Chairman of the board of directors and the chief executive officer are not the same person. The board of directors consists of 9 members, 3 of whom are independent. CMB criteria are complied with in designation of the independent members. Independent members have signed a declaration of independence. There are 5 female board members. 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. Working principles of the committees are disclosed to 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 possible damages caused by board members during the execution of their duties are insured.

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 company 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.22).

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.	
	CHAIRWOMAN Y. Begümhan Doğan Faralyalı CHIEF EXECUTIVE Yahya Üzdiyem
Burhaniye Mah., Kısıklı Cad., No:65, 34676 Üsküdar, İstanbul www.doganholding.com.tr	Shareholder Relations Unit Murat Doğu Tel: (0 216) 556 90 00 mdogu@doganholding.com.tr

Doğan Şirketler Grubu Holding A.Ş. (Doğan Holding) was established on September 22, 1980. Through its affiliates, it is engaged in investing in media, energy, retail, tourism, industry and the marketing sectors. It provides financial support, management consulting and internal audit services to its subsidiaries and business partners.

Shares of Doğan Holding; along with its affiliated 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 partnership 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 the Holding's strategic partners, subsidiaries and affiliates are disclosed to public on the corporate website.

Following the board resolution dated 14 April 2014, an extraordinary general shareholders' meeting was held on 7 August 2014. As a result of approval by a majority vote of the shareholders; Doğan Holding took over its subsidiary Doğan Yayın Holding A.Ş., a member of BİAŞ, under its structure with all its assets and liabilities as a whole. Doğan Yayın Holding held shares in companies engaged in the sectors of newspaper and magazine printing, publishing, distribution and production of classified advertisement, television, radio and internet broadcasting, book publishing, distribution, foreign trade along with internet telecommunications services. The merger process was conducted in accordance with the legislation and all relevant information regarding the merger was announced to public promptly. All information regarding the merger is available to the stakeholders on the corporate website.

Following the merger, the issued share capital of Doğan Holding was raised to TL 2,616,938,288 from TL 2,450,000,000. The Holding's registered capital is TL 4,000,000,000. Ultimate shareholder of the Holding is Mr. Aydın Doğan and Doğan family. The Holding's ownership structure is disclosed on the corporate website.

As of 31 December 2013, the Group had 8,512 staff domestically and with the inclusion of foreign subsidiaries, it stood at 11,999. The number of staff employed by Doğan Şirketler Grubu Holding A.Ş. is 210.

The Holding shares are traded under "DOHOL" code at BIST 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 Istanbul (XSIST) and BIST Corporate Governance (XKURY) indices.

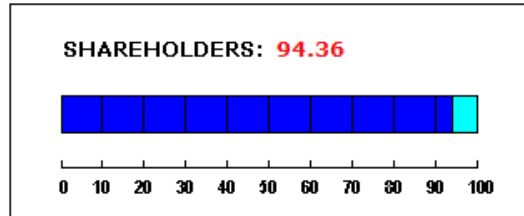
The Holding's current capital structure is as follows:

Capital Structure		
Shareholder	Amount (TL)	Percentage %
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

The board of directors:

DOĞAN HOLDING BOARD OF DIRECTORS	
Name	Title
Y. Begümhan DOĞAN FARALYALI	Chairwoman Non-executive
Hanzade V. DOĞAN BOYNER	Vice Chairwoman Non-executive
Arzuhan YALÇINDAĞ	Board Member Non-executive
Vuslat SABANCI	Board Member Non-executive
Yahya ÜZDİYEN	Board Member Chief Executive, Executive Director Executive
İmre BARMANBEK	Board Member Corporate Governance Committee Member Non-executive
Ertuğrul Feyzi TUNCER	Independent Board Member Committee for Early Risk Detection Chairman
Ali Aydın PANDIR	Independent Board Member Committee in Charge of Audit Member
Tayfun BAYAZIT	Independent Board Member Committee in Charge of Audit Chairman Corporate Governance Committee Chairman

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
+	Consistent dividend distribution policy
=	Minority rights are not recognized for shareholders who possess an amount less than one-twentieth of the share capital
=	Policy on donations and grants is established and will be submitted to the first upcoming general shareholders' meeting for approval

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

Shareholder Relations Unit of Doğan Holding performs its duties under the coordination of Financial Affairs Vice President who is responsible for Capital Markets, IFRS/CMB Reporting and Affiliates' Oversight. The investor relations and legal and financial affairs staff serve under this unit. The Shareholder Relations Unit is managed by Mr. Murat Doğu, holder of

Advanced CMB and Corporate Governance Rating Specialist licenses.

The "Investor Relations Unit" 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 assembly meeting is held in compliance with the applicable legislation, articles of association and other Holding by-laws.
- To prepare the documents that are needed 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 Unit submits a report to the board of directors at least once a year about its activities.

Information and explanations that may affect use of shareholders' rights are available and kept up to date on the corporate website of the Holding. The ratio of Doğan Holding 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 rating 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 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 dictated 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 31 March 2014 is performed through all means of communication available to the Holding on 7 March 2014 in accordance with the Corporate Governance Principles.

Also, the invitation to the extraordinary shareholders' meeting held on 7 August 2014 was made on 4

July 2014 in line with the relevant legislation.

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.

Furthermore, the Holding has prepared a descriptive informative 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 at 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 and information about the fact that there are no privileged shares,
- a) Information on changes in management and activities of the Holding and its subsidiaries in the previous fiscal year, or any changes planned for the upcoming fiscal period which can significantly affect the Holding operations and their reasons (also the reason for the extraordinary shareholders' meeting),

- b) 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 they are independent or not 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 informative 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 permission granted to 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.

The members of the board of directors related with the issues of a special

nature on the agenda, other related experts, 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.

Without the consent of the majority of independent members, no proposal was presented to the general shareholders' meeting for approval.

The Holding's articles of association indicate that the 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 at this meeting. Policy on donations and grants is established and will be submitted to the first upcoming 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 this respect in the articles of association of the Holding.

1.5. Voting Rights:

At Doğan Holding, all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately. There are no voting privileges and 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 approval of shareholders at the general

shareholders' meeting and is incorporated in the annual report.

The Holding's dividend distribution policy contains necessary information clear enough for investors to predict any future dividend distribution procedures and principles. A balanced policy is adhered to between the interests of the shareholders and that of the Holding.

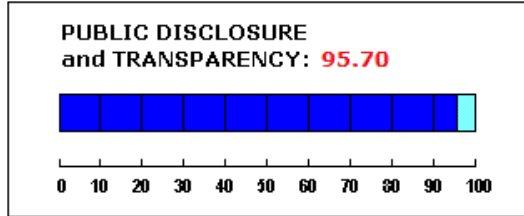
The articles of association of the Holding allow advance dividend payments.

Since there was no profit shown on the official records for the 2013 fiscal year, non-distribution of profit 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 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 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
-	Attendance 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:

The 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, the 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 regarding the "takeover" of the Holding's subsidiary Doğan Yayın Holding A.Ş. with all its assets and liabilities in line with the Turkish Commercial Code, Capital Market Law and the Communiqué No. 28865 dated 28 December 2013 of the CMB which came into force following its publication on the Official Gazette, the Communiqué on Merger and Demerger (II-23-2), agendas of the general shareholders' meetings and list of participants and minutes of the general shareholders' meeting, form for proxy voting at the general shareholders' meeting, 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 public. The Holding is responsible for updating this information every 6 months.

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

The Holding's website also includes; analyst 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, disclosure area, general shareholders' meeting internal guidelines, social responsibility activities, information on senior management, financial data, financial ratios, corporate website disclaimer and terms of use, timetable on events and developments and the human resources policy.

2.2. Annual Report:

The 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 the following information:

- a. period covered by the report, the title of the Holding, trade register number, contact information,
- b. the names of the chairman and the members of the board as well committees and upper management,
- c. the sectors in which the Holding operates and information on its positions in these sectors,

- d. information about the Holding's functional units, general explanations related to their activities and performances, and yearly developments,
- e. progress on investments, the eligibility and status of governmental incentives,
- f. the Corporate Governance Principles Compliance Report,
- g. information on related party transactions,
- h. other relevant and beneficial information not included in the financial statements,
- 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 number of personnel,
- k. information about the fact that no board member was involved in any transactions 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 information 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 the legislation which could significantly affect the Holding's operations,
- f. major court cases against the Holding and their possible consequences,
- g. benefits and vocational training of employees, and other company activities that give rise to social and environmental results,
- h. rating results,
- i. application status 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 in terms of Corporate Governance Principles, it is essential that this information is given on an individual basis. Additionally, attendance status of the members to the meetings, frequency of the meetings held during the year, and assessment of the board of directors on the efficiency of the committees can also be included in the annual report.

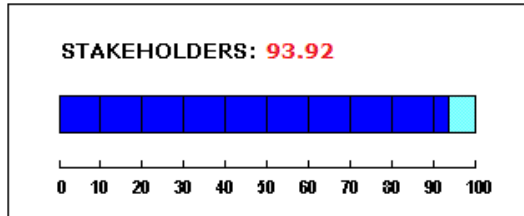
2.3. External Audit:

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

There has been no situation where the external auditor avoided to express its opinion and not signed the audit report, or has reported a qualified opinion. It has been declared by the Holding officials that there has been no legal conflict between the Holding and the external audit firm.

Independent 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 solicited about important decisions that affect them
+	Code of ethics disclosed to public
+	Socially and environmentally sensitive and respectful
+	A written employee compensation policy is disclosed to 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 documented compensation policy is established and disclosed to 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. Demands are evaluated and solutions are developed by establishing contact with relevant departments. The functions of informing the employees about the activities and practices of the Holding and receiving their suggestions are implemented 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. The aim is to keep corporate commitment at high levels and have the corporate culture adopted and embraced by everyone. Importance is given to commitment to the Holding and corporate culture and the primary goal

is to make employees proud of corporate achievements as well as individual accomplishments.

As of 31 December 2013, the Group had domestic staff of 8,512 and with the inclusion of foreign subsidiaries it stood at 11,999. The number of staff employed by Doğan Şirketler Grubu Holding A.Ş. is 210.

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

Personal and professional records of the employees are kept by the Holding's human resources software and all personal and professional details of their educational/training backgrounds and 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, competencies, career goals and expectations in compliance with the 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. The Holding also provides internship opportunities to high school and undergraduate students.

Doğan Holding adopts an "equal pay for equal job" policy 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 staff is 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 is publicly disclosed through the corporate website.

For Doğan Group, corporate social responsibility is about managing business processes to create a positive impact on society. Notions of 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 to creating contemporary 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, and 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* menu.

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

3.6. Sustainability:

Recycled paper constitutes 28% of the overall paper usage at Doğan Holding's media outlets. Wastewater as a result of the production process at these media outlets is collected by means of special wastewater plant. After physical and biological treatment, in accordance with the standards set by official institutions, the wastewater is discharged into appropriate channels from discharge points that are approved by the same authorities.

Following the treatment, the treated sludge is kept at hazardous waste depositories in accordance with the standards set by the Ministry of Environment 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.

The newspaper printing machines run on electricity and therefore no gas is emitted into the atmosphere during production. Since the heating systems at the presses and the office buildings are below 2MV, CO² is released at minimum levels.

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

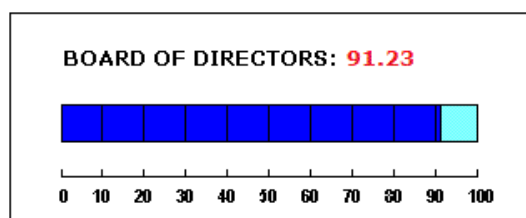
The greening of areas reserved as green space at all facilities is undertaken by specialist firms on a regular basis.

Launched in 2011, the new headquarters building of the Holding is equipped with state-of-the-art cooling systems manufactured in line with the EU environmental policy, using R 410 and R 132 gases.

Owing to the thermal insulation technology of the building, the consumption of natural gases for heating and the consumption of electricity for cooling have been decreased and in turn carbon emissions were reduced.

There are no lawsuits filed against the legal entity of the Holding due to damage to the environment.

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
+	Committee in Charge of Audit, Corporate Governance Committee and Committee for Early Risk Detection established
+	Principles of remuneration of board members and senior executives are established and disclosed to 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.

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 Shareholder Relations Unit in this context.

Damages that may be caused by the board members during the execution of their duties have been insured.

4.3. Structure of the Board of Directors:

The Holding's board of directors is composed of nine members and only 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 mentioned in the articles of association. Tenure of office for independent members is designated as 3 years.

The Corporate Governance Committee has 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 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 been duly met.

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

Board meetings take place with sufficient frequency. Members carry out a sufficient number of ordinary meetings.

Chairman of the board of directors sets the agenda for board meetings in consultation with the 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, a Committee in Charge of Audit, and a Committee for Early Risk Detection 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 public on the Holding's website.

All members of the Committee in Charge of Audit are elected among the independent board members. Also, the chairmen of the Corporate Governance Committee and the Committee in Charge of Audit are elected among the independent board members. The chief executive is not on the committees. With the exception of Shareholder Relations Unit 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 Committee in Charge of Audit. Chairman of the Committee for Early Risk Detection is non-executive, but other members have executive duties.

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 activities are documented and records are kept. Reports containing information about the activities and the results of the meetings are submitted to the board of directors.

Committee in Charge of Audit supervises the operation and efficiency of the Holding's accounting system, public disclosure, external audit and internal audit systems, 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, 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 public are in accordance with the Holding's accounting principles, and are true and accurate.

Members of the Committee in Charge of Audit possess the qualifications dictated in the Corporate Governance Principles communiqué.

The annual report contains information on the activities and meeting resolutions of the Committee in Charge of Audit, but the number of written reports given to the board of directors in 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 shareholder relations unit.

The Committee for Early Risk Detection carries out its tasks towards early detection of risks which may jeopardize the Holding's assets, its development and progression, and measures taken to mitigate and manage those risks. It reviews risk management systems at least once a year.

The Corporate Governance Committee carries out the duties of the Nomination Committee and Remuneration Committee, since they are not established yet. It has made its proposal on suitable independent candidates for the board of directors. The level of functionality of the committee towards the 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 observed by us.

We also need further observation to accurately 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. Whether the committee submits its recommendations to the board members on changes that can be implemented regarding these issues; 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 shortcomings. The principles of remuneration of board members and senior executives have been documented in writing and submitted to the shareholders as a separate item in the general

shareholders' meeting. A remuneration policy prepared for this purpose 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 that maintains 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 possess 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 has 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.

Remuneration of the executives is based on market conditions and determined according to their qualifications, and proportional to their contributions to the performance of the Holding.

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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