**REPORT ON THE COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES**

**REPORT ON THE COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES**

**Section I - Statement for the Compliance with the Corporate Governance Principles**

The OECD Principles of Corporate Governance published in 1999 was revised 2004 and 2015. The last revision process started as from 2012, continued within 2014 and 2015 and, then accepted by the OECD Council on July 8, 2015.

The Capital Market Board’s Corporate Governance Principles adopted by the resolution no. 35/835 of 04.07.2003 of the Capital Market Board and published for the first time in Turkey have been updated for five times in 2005, 2010, 2011, 2012 and 2013. Most recently, the Corporate Governance Communique (II-17.1) was published in the Official Journal no. 28871 on 03.01.2014 and, entered into force accordingly.

A new format of the Report on the Compliance with the Corporate Governance Principles which is to be prepared in the annex to the annual report for 2018 in line with the announcement as per the resolution of the Board Decision Body no. 2/49 on 10.01.2019 in the Capital Market Board Bulletin no. 2019/2 of 10.01.2019.

Our Report on the Compliance with the Corporate Governance Principles for 01.01.2018–31.12.2018 is hereby submitted accordingly.

The OECD Principles of Corporate Governance published in 1999 was revised 2004 and 2015. The last revision process started as from 2012, continued within 2014 and 2015 and, then accepted by the OECD Council on July 8, 2015.

**Rating for the Compliance with the Corporate Governance Principles**

Agreements have been entered into between Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş. And Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş., a company with an official authorization to perform ratings in accordance with the Capital Market Board’s Communique Serial VIII No 51 on the Principles for Rating Agencies in Capital Markets, on 15.12.2014, 15.12.2015, 14.12.2016, 14.12.2017 and 14.12.2018, under which the latter would prepare a report on the Rating for the Compliance with the Corporate Governance Principles, and this has been disclosed on the Public Disclosure Platform.

the report for the period of 07.07.2015-07.07.2016 was published on 07.07.2015

the report for the period of 28.06.2016-28.06.2017 was published on 28.06.2016,

the report for the period of 31.05.2017-31.05.2018 was published on 31.05.2017,

the report for the period of 31.05.2018-31.05.2019 was published on 31.05.2018 and the respective disclosures have been made on the Public Disclosure Platform (www.kap.org.tr).

The first rating of Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş. on the Compliance with the Corporate Governance Principles for the period of 31.05.2018-31.05.2019 was 9.28.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **07.07.2015** | **28.06.2016** | **31.05.2017** | **31.05.2018** |
| **Shareholders** | 89.68 | 94.74 | 95.18 | 95.18 |
| **Public Disclosure and Transparency** | 78.54 | 88.52 | 95.67 | 97.84 |
| **Stakeholders** | 72.76 | 86.88 | 86.88 | 86.88 |
| **Board of Directors** | 77.43 | 86.85 | 88.43 | 90.01 |
| **Note** | **8.01** | **8.92** | **9.17** | **9.28** |

As a result of the fact that our Corporate Governance Principles Compliance Rating Score for the period of 28.06.2016–28.06.2017 increased by 11.36% to the level of 8.92 compared to the previous assessment, our Company is entitled to the award for the company that has increased its score the most in the BIST Corporate Governance Index at the International Corporate Governance Summit X organized on 19.01.2017 by the Corporate Governance Association of Turkey (TKYD).

As a result of the fact that our Corporate Governance Principles Compliance Rating Score for the period of 31.05.2017–31.05.2018 significantly increased compared to the previous assessment, our Company is entitled successively to the award for the company that has increased its score the most in the BIST Corporate Governance Index at the International Corporate Governance Summit XI organized by the Corporate Governance Association of Turkey (TKYD). The awards of Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş., the only company that has received this award successively in Turkey, were presented to Çağan Erkan, General Manager.

As a leading corporation in the sector, Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş. is proud of receiving this prize for two times succesively that proves its full compliance with the Corporate Governance Principles, which are considered to be the foundation of the Dogus Group.

The increase in the rating of Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş. for the Compliance with the Corporate Governance Principles has proved that it has significantly adopted the Capital Market Board’s Corporate Governance Principles, enforced the policies and taken the measures considered necessary to that end as one of the best examples in the concept of Governance, and greatly valued the public and its shareholders.

Our report on the Rating for the Compliance with the Corporate Governance Principles is available in the section Investor Relations - Corporate Governance Compliance Reports on our web site (www.dogusgyo.com.tr).

**Compliance with the Corporate Governance Principles**

Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş., took place in the third group of the BIST Market of Collective Investment Products and Restructured Products in 2019 as disclosed in the Capital Market Bulletin no. 2019/2 of 10.01.2019 as per the Corporate Governance Communique II-17.1 article 5- (2.c).

Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş., is within the list of Group A as of 31.12.2018.

In our activities performed and carried out between 01.01.2018 and 31.12.2018, we have fully complied with the compulsory principles as per the Corporate Governance Communique II-17.1 published on the Official Journal no. 28871 of 03.01.2014 and entered into force accordingly, and attempted to comply with most of the non-compulsory principles.

The Corporate Governance Committee has met 5 (five) times between 01.01.2018 and 31.12.2018 in line with the respective principles for its duties and tasks and, the results of this meetings were kept at the respective minutes and submitted to the board of directors.

In addition, the Audit Committee has met 7 (seven) times between 01.01.2018 and 31.12.2018 in line with the respective principles for its duties and tasks, the Early Detection of Risk Committee has met 7 (seven) times between 01.01.2018 and 31.12.2018 in line with the respective principles for its duties and task and, the results of this meetings were kept at the respective minutes and submitted to the board of directors.

The internal corporate governance system practices are continuously developed and improved for the purpose of attaining a full compliance of Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş with the Corporate Governance Principles.

The Corporate Governance Committee shall continue to make great efforts to ensure that the internal arrangements are carried out within the required period of time as per the Corporate Governance Communique (II-17.1) published on the Official Journal no. 28871 of 03.01.2014 and entered into force accordingly, taking into consideration the developments and applications as per the Capital Market Law no. 6362, the pertinent communiques of the Capital Market Board and the Turkish Commercial Code no. 6102 as well as all other respective legislations.

We hereby declare that we have complied with all the compulsory principles as per the Corporate Governance Principles (II-17.1) between 01.01.2018 and 31.12.2018, that there has been no conflict of benefit among the management, stakeholders and shareholders due to the failure to comply with the corporate governance principles and, that the annual report and periodic financial statements reflect the true and accurate financial position of the company and, the company has fully complied with the pertinent legislations.

The Corporate Governance Committee has continued for the period 01.01.2018 – 31.12.2018 and, will continue 2019 the efforts to ensure that the internal arrangements are of the best practices for the governance as per the Corporate Governance Communique II-17.1 published on the Official Journal no. 28871 of 03.01.2014 and entered into force accordingly.

There is no any plan to make any amendment to the management applications in terms of the corporate governance principles.

The responsibility statements as set forth under the financial statements and annual reports as per the Capital Market Board’s “Communique on the Principles for Financial Reporting in Capital Markets (II-14.1)” published on the Official Journal no. 28676 of 13.06.20113 are as follows:

a) The financial statements and annual report have been examined by the management accordingly,

b) There is so such deficiency in the financial statements and annual report that may result in the fact that they may contain significant misstatements and misleading information as of the respective dates to the best of their knowledge;

c) To the best of their knowledge, the financial statements together with those under the scope of the consolidation if any prepared as per this communique reflect the accurate and true information on the assets, liabilities, financial condition, profit and loss and the annual report together with those under the scope of the consolidation if any prepared accordingly reflects the accurate and true information on the financial condition of the business operations and any potential risks and

the financial report for the period of 01.01.2017-31.12.2017 was disclosed on 21.02.2018

the annual report for the period of 01.01.2017-31.12.2017 was disclosed on 28.02.2018

the financial and annual report for the period of 01.01.2018-31.03.2018 were disclosed on 09.05.2018

the financial and annual report for the period of 01.01.2018-30.06.2018 were disclosed on 09.08.2018

the financial and annual report for the period of 01.01.2018-30.09.2018 were disclosed on 08.11.2018

The financial report for the period of 01.01.2018-31.12.2018 was disclosed on 22.02.2019 through the Public Disclosure Platform www.kap.org.tr.

The committees formed as per the Corporate Governance Principles have continued their respective operations between 01.01.2018 and 31.12.2018 and, the compulsory principles as set forth under the Corporate Governance Communique (II-17.1) have been complied. We hereby declare that there has been no conflict of benefit among the management, stakeholders and shareholders due to the failure to comply with the corporate governance principles and, that the annual report and periodic financial statements reflect the true and accurate financial position of the company and, the company has fully complied with the pertinent legislations.

We hereby declare that all the respective requirements of the Corporate Governance Principles, the Capital Market Law and of all other pertinent legislations have been fully complied with in respect of the Management and Executive Procedures performed and carried out within Doğuş Gayrimenkul Yatırım Ortaklığı A.Ş., that the compliance with the said principles has been further improved in terms of the relationships with shareholders, stakeholders as well as of the Public Disclosure and the Board of Directors within the period of 01.01.2018 – 31.12.2018 and that there has been no conflict of interest in connection with the Corporate Governance Principles.

We hereby declare that our committee will continue to act in compliance with the principles to provide the board of directors with the improving recommendations when necessary to ensure that the corporate governance practices are of the highest level of practices within the company and, that the developments in respect of the legislations updated and/or amended by the Board of Directors will be carefully monitored and complied with.

The Company exercises due diligence in the application of the principles of the Corporate Governance Principles issued by the Capital Market Board (CMB) during the accounting period of 01.01.2018-31.12.2018 and, the Corporate Governance Compliance Reports shall be disclosed through the PDP using the templates of the Corporate Governance Compliance Report (UFR) and the Corporate Governance Information Form (KYBF) as per the resolution no. 2/48 adopted by the Capital Market Board on 10.01.2019 and the Corporate Governance Communique Serial No. II-17.1.

In addition, the said templates relating to 2018 are available in the following sections of this Annual Report and, the said reports are also made available on the website of the Company, “Investors Relations”.

**Corporate Governance Committee**

Mustafa Sabri DOĞRUSOY Murat Bahadır TEKER Hasan Hüsnü GÜZELÖZ

Chairman Member Member

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **Compliance Status** | | | | | | | | | | **Remarks** | | |
|  | | **Yes** | | **Partly** | **No** | | | **Exempt** | | **Irrelevant** | |
| **Corporate Governance Compliance Report** |  | | | | | | | | | | | | |
| **1.1. FACILITATION OF EXERCISE OF THE SHAREHOLDING RIGHTS** |
| 1.1.2- The information and disclosures that may affect the exercise of the shareholding rights are presented to investors for their use on the corporate website of the corporation on a daily basis. | X |  | |  | |  | | |  | | |  | |
| **1.2. RIGHT TO DEMAND INFORMATION AND REVIEW** |  | | | | | | | | | | | | |
| 1.2.1. The company management has abstained from taking action complicating private audit to be conducted. | X |  | |  | |  | | |  | | |  | |
| **1.3. GENERAL ASSEMBLY** |  | | | | | | | | | | | | |
| 1.3.2. The company has ensured that the agenda of the General Assembly is expressed in an explicit manner and every proposal has been provided under a separate heading. | X |  | |  | |  | | |  | | |  | |
| 1.3.7. Those persons having the opportunity to reach the corporation information in a privileged manner have informed the board of directors in order for information to be provided in the general assembly regarding the actions they take for them within the scope of the activity of the corporation for such information being added to the agenda. |  |  | |  | |  | | | X | | | Not such a situation has come into existence. | |
| 1.3.8. The members of the board of directors concerning the subjects having speciality on the agenda, other related persons, officials having the responsibility for preparation of financial statements and auditors have been present in the general assembly meeting. | X |  | |  | |  | | |  | | |  | |
| 1.3.10. The amounts of all donations and aids and those benefitting from the same have been addressed in a separate item on the agenda of the general assembly. | X |  | |  | |  | | |  | | |  | |
| 1.3.11. The general assembly meeting has been held publicly including beneficiaries and media without right to speak. | X |  | |  | |  | | |  | | |  | |
| **1.4. RIGHT TO VOTE** |  | | | | | | | | | | | | |
| 1.4.1. There are not any restrictions and practices to complicate the exercise by shareholders of their rights to vote. | X |  | |  | |  | | |  | | |  | |
| 1.4.2. The company does not have any shares with voting power. | X |  | |  | |  | | |  | | | The shares of our company have been divided into two groups as A and B. The Group (A) Shares have the privilege of nomination in election of the Members of the Board of Directors according to the Articles of Association of the Company. The shareholders holding the shares of our company have voting rights for every share they hold. Apart from this, there is not any privilege granting concession to shareholders in our Company. | |
| 1.4.3. The company has not exercised its rights to vote in the General Assembly of any corporation with which it has reciprocal participating relationship, which introduces the control relationship together with. |  |  | |  | |  | | | X | | |  | |
| **1.5. MINORITY RIGHTS** |  | | | | | | | | | | | | |
| 1.5.1. The company has taken utmost care for causing the minority rights to be exercised. | X |  | |  | |  | | |  | | |  | |
| 1.5.2. The minority rights have also been granted to those holding a rate less than one-twentieth of the share capital by way of the Articles of Association and the scope of the minority rights has been regulated and expanded in the Articles of Association. |  |  | | X | |  | | |  | | | According to Article 21 of the Articles of Association, in compliance of Article 411 of the Turkish Commercial Code, the following provision is prescribed: The shareholders constituting one twentieth of the share capital of the company may request in writing the board of directors to convoke the general assembly or, if the general assembly is already to convene, request the board of directors to put the subjects they intended to be decided to the agenda by stating the reasons requiring to do so and the respective agenda. Besides, the function of informing equally and performing the function of investor relations are carried out to all shareholders without any discrimination. | |
| **1.6. DIVIDEND RIGHT** |  | | | | | | | | | | | | |
| 1.6.1. The dividend policy approved by the General Assembly has been disclosed on the corporate website of the corporation. | X |  | |  | |  | | |  | | |  | |
| 1.6.2. The dividend policy contains the minimum information of the clarity that will allow the shareholders to be able to foresee the procedures and principles of the distribution of the profit to be obtained by the corporation in the future periods. | X |  | |  | |  | | |  | | |  | |
| 1.6.3. The reasons for not distributing profit and the way of use of the profit not distributed have been specified in the item of the agenda. | X |  | |  | |  | | |  | | |  | |
| 1.6.4. The board of directors has reviewed whether a balance has been provided between the benefits of shareholders and the corporation’s benefits in terms of dividend policy. | X |  | |  | |  | | |  | | |  | |
| **1.7. TRANSFER OF SHARES** |  | | | | | | | | | | | | |
| 1.7.1. There is not any restriction to complicate the transfer of shares. | X |  | |  | |  | | |  | | |  | |
| **2.1 CORPORATE WEBSITE** |  | | | | | | | | | | | | |
| 2.1.1. The corporate website of the company contains all the elements included in the corporate governance principle number 2.1.1. | X | |  | |  | | |  | |  | | |  |
| 2.1.2. The shareholding structure is updated every 6 months as a minimum on the corporate website of the company (in terms of the names of real person shareholders holding more than 5% of the issued capital, their privileges, number of shares and their rate). | X | |  | |  | | |  | |  | | |  |
| 2.1.4. The information on the corporate website of the company has been prepared also in other languages chosen based on need so that their content shall fully be the same as their Turkish version. |  | | X | |  | | |  | |  | | | The company arranges its corporate website also in English and the great majority of Turkish content are also contained in English. |
| **2.2. ANNUAL REPORT** |  | | | | | | | | | | | | |
| 2.2.1. The board of directors ensures that annual report reflects the activities of the company in full and in a complete manner. | X | |  | |  | | |  | |  | | |  |
| 2.2.2. Annual report contains all the elements contained in the principle with number 2.2.2. | X | |  | |  | | |  | |  | | |  |
| **3.1. THE COMPANY POLICY IN RELATION TO BENEFICIARIES** |  | | | | | | | | | | | | |
| 3.1.1. The rights of beneficiaries are protected within the framework of the related regulations, agreements and the rules of goodwill. | X | |  | |  | | |  | |  | | |  |
| 3.1.3. The policies and procedures relating to the rights of beneficiaries are published on the corporate website of the company. | X | |  | |  | | |  | |  | | |  |
| 3.1.4. The mechanisms necessary for beneficiaries to notify the illegitimate and non-ethical procedures have been created. | X | |  | |  | | |  | |  | | |  |
| 3.1.5. The company deals with the conflicts of interest among beneficiaries in a balanced way. | X | |  | |  | | |  | |  | | |  |
| **3.2. SUPPORTING THE PARTICIPATION OF BENEFICIARIES IN THE COMPANY MANAGEMENT** |  | | | | | | | | | | | | |
| 3.2.1. The participation of employees in the management has been regulated in the Articles of Association or internal directives of the company. |  | | X | |  | | |  | |  | | | Although the Articles of Association or in-house regulations have not regulated the participation of employees in the management, the participation of beneficiaries, mainly, of company employees in the company management is tried to be supported in compliance with the general approach of the group with which we are affiliated and in such a way that such participation shall not disrupt the company’s operation. There is the “Company Policy in relation to Beneficiaries” accepted with the Resolution of the Board of Directors with number 441 and date 27.06.2017. |
| 3.2.2. In important decisions creating outcome for beneficiaries, the methods such as questionnaires / consultation have been applied in order to obtain the opinions of the beneficiaries. |  | |  | | X | | |  | |  | | | The methods such as questionnaires / consultation have not been applied. However, the opinions and comments of the beneficiaries are evaluated equally and without any discrimination of their shareholding in important decisions creating outcomes mainly for beneficiaries in the General Assemblies. |
| **3.3. HUMAN RESOURCES POLICY OF THE COMPANY** |  | | | | | | | | | | | | |
| 3.3.1. The company has adopted an employment policy ensuring equality of opportunity and a succession planning for all key managerial positions in the company. | X | |  | |  | | |  | |  | | |  |
| 3.3.2. The criteria in relation to recruitment have been determined in writing. | X | |  | |  | | |  | |  | | |  |
| 3.3.3. The company has a human resources development policy and organizes trainings for employees within this scope. | X | |  | |  | | |  | |  | | |  |
| 3.3.4. Meetings have been held for information of employees on subjects such as the financial position of the company, salary system, career planning, training and health, etc. | X | |  | |  | | |  | |  | | |  |
| 3.3.5. The decisions to be able to affect the employees have been notified to employees themselves and employee representatives. The opinion of unions has also been obtained with respect to these issues. |  | |  | |  | | |  | | X | | | There are not any union members by the numbers of the company employees. There is not any conflict of interest within the year with respect to this subject. |
| 3.3.6. The task definitions and performance criteria have been notified to employees by being prepared in detail for all employees and have been utilized in salary decisions. | X | |  | |  | | |  | |  | | |  |
| 3.3.7. Measures such as procedures, trainings, raising awareness, targets, monitoring, grievance mechanisms have been taken for preventing discrimination among employees and protecting the employees against in-house physically, mentally and sentimentally maltreatments. | X | |  | |  | | |  | |  | | |  |
| 3.3.8. The company encourages the freedom of association and granting the right of collective bargaining in an effective manner. |  | |  | |  | | |  | | X | | | The company employees do not have any union by their numbers and there are not any developments like collective bargaining. Provided that permit is obtained, the right of association or being member to association has not been restricted. With respect to this subject, there is not any conflict of interest within the year. |
| 3.3.9. A secure and safe working environment is ensured for employees. | X | |  | |  | | |  | |  | | |  |
| **3.4 RELATIONS WITH CUSTOMERS AND SUPPLIERS** |  | | | | | | | | | | | | |
| 3.4.1. The company has measured the customer satisfaction and has operated with an unconditional customer satisfaction understanding. | X | |  | |  | | |  | |  | | |  |
| 3.4.2. When there is a delay in processing the demands of customers in relation to the goods and services purchased by them, this situation is notified to customers. | X | |  | |  | | |  | |  | | |  |
| 3.4.3. The company adheres to the quality standards relating to goods and services. | X | |  | |  | | |  | |  | | |  |
| 3.4.4. The company has controls in place for protecting the confidentiality of the sensitive information of customers and suppliers within the scope of trade secret. | X | |  | |  | | |  | |  | | |  |
| **3.5. CODES OF CONDUCT AND SOCIAL RESPONSIBILITY** |  | | | | | | | | | | | | |
| 3.5.1. The board of directors has determined the codes of conduct, which has been published on the corporate website of the company. | X | |  | |  | | |  | |  | | |  |
| 3.5.2. The corporation is sensitive about social responsibility. Measures for prevention of corruption and bribery have been taken. | X | |  | |  | | |  | |  | | |  |
| **4.1. FUNCTION OF THE BOARD OF DIRECTORS** |  | | | | | | | | | | | | |
| 4.1.1. The board of directors ensures that the strategies and risks do not threaten the long-term benefits of the company and an effective risk management is applied. | X | |  | |  | | |  | |  | | |  |
| 4.1.2. The agenda and minutes of the meetings set forth that the board of directors deliberates and approves the strategic targets of the company, determines the sources needed and the fact that the performance of the management has been controlled. | X | |  | |  | | |  | |  | | |  |
| **4.2. THE PRINCIPLES OF ACTIVITY OF THE BOARD OF DIRECTORS** |  | | | | | | | | | | | | |
| 4.2.1. The board of directors has documented its activities which have been presented to shareholders for their information. | X | |  | |  | | |  | |  | | |  |
| 4.2.2. The duties and powers of the board of directors have been disclosed in the annual report of the company. | X | |  | |  | | |  | |  | | |  |
| 4.2.3. The board of directors has set up an internal control system suitable for the scale of the company and the complexity of its activities. | X | |  | |  | | |  | |  | | |  |
| 4.2.4. The information relating to the operation and efficiency of the internal control system has been provided in the annual report of the company. | X | |  | |  | | |  | |  | | |  |
| 4.2.5. The duties of the board of directors and chief executive officer (general manager) have been segregated from each other and defined. | X | |  | |  | | |  | |  | | |  |
| 4.2.7. The board of directors ensures that the investor relations department and corporate governance committee operate in an effective manner and has worked in close cooperation with the investor relations department and corporate governance committee in settlement of disputes between the company and shareholders and in communication with shareholders. | X | |  | |  | | |  | |  | | |  |
| 4.2.8. The board of directors has maintained managers’ liability insurance with a price exceeding 25% of the company’s share capital in relation to faults by the members of board of directors and the damages to be caused by them in the company. | X | |  | |  | | |  | |  | | |  |
| **4.3. STRUCTURE OF THE BOARD OF DIRECTORS** |  | | | | | | | | | | | | |
| 4.3.9 The company has set a target of 25% as a minimum for the rate of women members in the board of directors and set up a policy in order to attain such target. The structure of the board of directors is reviewed on an annual basis and the process of nomination is realized in compliance with such policy. | X | |  | |  | | |  | |  | | |  |
| 4.3.10. Of the members of the audit committee, at least one of them has experience of 5 years on subject of audit/accounting and finance. | X | |  | |  | | |  | |  | | |  |
| **4.4. METHOD OF THE MEETINGS OF THE BOARD OF DIRECTORS** |  | | | | | | | | | | | | |
| 4.4.1. All of the members of the board of directors have ensured physical participation in most of the board of directors meetings. | X | |  | |  | | |  | |  | | |  |
| 4.4.2. The board of directors has designated a minimum period for all the information and documents relating to the subjects included in the agenda to be sent to all the members prior to the meeting. |  | |  | | X | | |  | |  | | | Not any duration has been defined in relation to the subject. However, maximum effort is exerted for our members of the board of directors to have access to the necessary information within a reasonable period of time prior to the meeting. |
| 4.4.3. The opinions of the member not attending the meeting; however, notifying his/her opinions to the board of directors in writing, have been presented to other members for their information. | X | |  | |  | | |  | |  | | | This opportunity has been granted to our members of the board of directors; however, not any notification has been given by our members of the board of directors within 2018. There is not any conflict of interest arising within the year with respect to this subject. |
| 4.4.4. Every member of the board of directors has one vote. | X | |  | |  | | |  | |  | | |  |
| 4.4.5. How to hold the meetings of the board of directors has been put in writing with in-house regulations. | X | |  | |  | | |  | |  | | |  |
| 4.4.6. The minutes of the meeting set forth that all the items on the agenda have been deliberated and the minutes of resolution are prepared in such a way that it shall contain the dissenting opinions. | X | |  | |  | | |  | |  | | |  |
| 4.4.7. The fact that the members of the board of directors assume duties outside the company has been limited. The duties assumed by the members of the board of directors outside the company have been presented to shareholders for their information in the general assembly meeting. |  | |  | | X | | |  | |  | | | The chairman and members of the board of directors have been granted authorizations for them to perform the transactions referred to in Articles 395 and 396 of the TCC. Not any situation contrary to the prohibition of making business and competing with the company has been encountered with respect to the members of the board of directors within 2018. There is not any limitation in relation to the members of the board of directors assuming duty or duties outside of the company. Such a limitation is not needed especially because of the contribution of independent members to the board of directors with their sectoral and business experiences. However, this situation has not given rise to any conflict of interest in any way whatsoever and the information in relation to the duties assumed by the members of the board of directors outside the company and their background information have been included in general assembly information document, annual reports, corporate website of the company and Public Disclosure Platform. |
| **4.5. COMMITTEES FORMED WITHIN THE BOARD OF DIRECTORS** |  | | | | | | | | | | | | |
| 4.5.5. Every member of the board of directors assumes duty in one committee only. |  | |  | | X | | |  | |  | | | The members of the board of directors are required to assume duty in more than one committee due to reasons such as the fact that the board of directors consists of five members, the chairmen of the committees are required to consist of independent members as per the legislation. Due to the fact that this principle not being obligatory is not applied, there is not any conflict of interest arising within the year. |
| 4.5.6. Committees have invited such persons as it deems necessary to the meetings for taking their opinions and taken their opinions. | X | |  | |  | | |  | |  | | |  |
| 4.5.7. The information on the independence of the person/institution from which the committee receives consultancy service is provided in the annual report of the company. |  | |  | |  | | |  | | X | | | There is not any person and institution from which the committees receive consultancy services. Due to the fact that this principle not being obligatory is not applied, there is not any conflict of interest arising within the year. |
| 4.5.8. Report has been prepared regarding the conclusions of the committee meetings and presented to the members of the board of directors. | X | |  | |  | | |  | |  | | |  |
| **4.6. FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES WITH THE MANAGERIAL RESPONSIBILITY** |  | | | | | | | | | | | | |
| 4.6.1. In order to evaluate whether the board of directors fulfills its responsibilities in an effective way, the board of directors has performed performance evaluation. | X | |  | |  | | |  | |  | | |  |
| 4.6.4. The company has not caused any of the members of the board of directors or its executives with managerial responsibility to use credit, not given to them any debt or not extended the term of the debt lent nor has it improved their conditions or not extended loan under the name of personal credit or not given them guarantees such as surety. | X | |  | |  | | |  | |  | | |  |
| 4.6.5. The remunerations given to the members of the board of directors or executives with managerial responsibility have been disclosed in the annual report on basis of persons. |  | |  | | X | | |  | |  | | | The remunerations given to the members of the board of directors and the executives with managerial responsibilities are given in 3 headings as the members of the board of directors, consultancy and the personnel with managerial responsibility in the annual report. |

|  |  |
| --- | --- |
| **1. SHAREHOLDERS** |  |
| 1.1. Facilitation of Exercise of the Shareholding Rights |  |
| Number of the investor conferences and meetings organized by the company all the year round | None |
| 1.2. Right to Demand Information and Review |  |
| Number of private auditors requested | None |
| Number of private auditors requested, which is accepted in the general assembly meeting | None |
| 1.3. General Assembly |  |
| The connection of PDP announcement through which the information requested is announced within the scope of the Principle 1.3.1 (a-d) | https://www.kap.org.tr/tr/Bildirim/665415 |
| Whether the documents relating to the general assembly meeting are presented also in English concurrently with their Turkish versions | The announcement documents in relation to the general assembly are presented also in English concurrently with their Turkish versions. |
| The connections of PDP announcements with respect to procedures over which no approval of majority of independent members or unanimity exists in terms of attendants within the scope of the Principle 1.3.9 | None |
| The connections of PDP announcements with respect to related party transactions realized within the scope of Article 9 of the Corporate Governance Communiqué (II-17.1) | https://www.kap.org.tr/tr/Bildirim/726345 https://www.kap.org.tr/tr/Bildirim/726361 https://www.kap.org.tr/tr/Bildirim/726385 https://www.kap.org.tr/tr/Bildirim/726563 https://www.kap.org.tr/tr/Bildirim/663361 |
| The connections of PDP announcements with respect to extensive and continuing transactions realized within the scope of Article 10 of the Corporate Governance Communiqué (II-17.1) | https://www.kap.org.tr/tr/Bildirim/726345 https://www.kap.org.tr/tr/Bildirim/726361 https://www.kap.org.tr/tr/Bildirim/726385 https://www.kap.org.tr/tr/Bildirim/726563 https://www.kap.org.tr/tr/Bildirim/663361 |
| The name of the section containing the policy in relation to donations and aids on the corporate website of the company | Homepage>Investor Relations>Policies>Donation and Aid Policy |
| The connection of PDP announcement containing the minutes of the general assembly in which the policy in relation to donations and aids are accepted | https://www.kap.org.tr/tr/Bildirim/270229 |
| The number of Article regulating the participation of beneficiaries in the general assembly in the Articles of Association | Article 21 of the Articles of Association |
| Information on the beneficiaries attending the general assembly | In the ordinary general assembly meeting held on 28.03.2018 for 2017, the General Manager of the company, Deputy General Manager for Financial Affairs and Financial Affairs Manager, two members of the board of directors, two independent members of the board of directors, one official of the independent auditing company have been present song with shareholders and their proxies. |
| **1.4. Rights to Vote** |  |
| Whether there is privilege in the right to vote | No |
| If the vote contains any privilege, privileged shareholders and their voting rates | - |
| The shareholding rate of the largest shareholder | 0% |
| **1.5. Minority Rights** |  |
| Whether minority rights have been expanded or not in the Articles of Association of the Company (in terms of substance or rate) | No |
| If minority rights have been expanded in terms of substance or rate, please specify the number of the related article of the Articles of Association | - |
| **1.6. Dividend Right** |  |
| The name of the section where the dividend policy is available on the corporate website of the company | Homepage>Investor Relations>Policies> Dividend Policy |
| In case the board of directors proposes non-distribution of the dividend to the general assembly, the text of the minutes in relation to the reasons for this and the item of the agenda of the general assembly meeting specifying the way of use of the profit not distributed | Within the scope of Item 6 of the Agenda, the proposition of the board of directors in relation to the operating profit for 2017 has been read. In line with the growth policies of our company, it has been unanimously resolved that distributable net profit of the period of TL 5.738.479,05 arising for 2017 in the Financial Statements prepared according to the Tax Procedural law be transferred to Extraordinary Reserves by not be distributed and the proposition of the board of directors for not distributing the profit and the annexed distribution table have been presented to the general assembly for its approval and further resolved unanimously as a result of voting carried out physically and on electronic environment that the subject of not distribution of profit be accepted with the positive votes of the shares in the nominal value of TL 314.112.348,667. |
| The connection of PDP announcement containing the minutes of the general assembly in case the board of directors proposes non-distribution of the dividend to the general assembly | https://www.kap.org.tr/tr/Bildirim/671041 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **General Assembly Meetings** | |  |  |  |  | |  | |  |  |  |
|  | | | | | | | | | | | |
| **Date of the General Assembly** | **Number of additional disclosure requests conveyed to the company with respect to the agenda of the general assembly** | **Rate of participation of shareholders in the general assembly** | **Rate of shares represented directly** | **Rate of shares represented by proxy** | | **Name of the section containing the minutes of the general assembly meeting in such a way that it shall contain the positive and negative events relating to the each item of the agenda on the corporate website of the company** | | **Name of the section containing the questions posed in the general assembly meeting and the replies to them on the corporate website of the company** | **The number of the article or paragraph relating to related parties in the minutes of the general assembly meeting** | **Number of persons giving notification to the board of directors and having the opportunity to have access to the shareholding information in a privileged way (list of insiders)** | **Connection of general assembly notification published on PDP** |
| 28.03.2018 | 0 | 94,610% | 0,076% | 94,53% | | Homepage>Investor Relations >General Assembly Sets>General Assembly Information> General Assembly Information of 2017>Minutes of the General Assembly Meeting of 2017 | | Homepage > Investor Relations > General Assembly Sets > General Assembly Information > General Assembly Information of 2017> Minutes of the General Assembly Meeting of 2017 | 13 | 40 | https://www.kap.org.tr/tr/Bildirim/665415 https://www.kap.org.tr/tr/Bildirim/671041 https://www.kap.org.tr/tr/Bildirim/673269 |

|  |  |  |
| --- | --- | --- |
| **2. PUBLIC DISCLOSURE AND TRANSPARENCY** |  | |
| **2.1. Corporate Website** |  | |
| Names of the sections containing the information requested in the principle of corporate governance with number 2.1.1. on the corporate website of the company | Homepage>Investor Relations, Homepage >Corporate, Homepage >FAQ | |
| The section containing the list of real person shareholders holding more than 5% of the shares of the company either directly or indirectly on the corporate website of the company | There is not any real person holding more than 5% of the shares of the company either directly or indirectly and the subject is available on the website as: Homepage>Investor Relations>Operational and Financial Data>Annual Reports>Annual Activity Reports>2018>Annual Report 2018 | |
| Languages used in the corporate website of the company prepared | Turkish and English | |
| **2.2. Annual Report** |  | |
| Numbers of pages or names of sections containing the information specified in in the principle of corporate governance with number 2.2.2. in the annual report |  | |
| a) Number of page or name of section containing the duties performed by the members of the board of directors and executives outside the company and the statement of independence of members | This information is given under the headings of 1.General Information / (q) information on the Company’s Board of Directors, Senior Managers and Number of Personnel / Board of Directors, the Principles of Operation of the Board of Directors and its Structure, the Statements of Independence of the Independent Members of the Board of Directors. | |
| b) Number of page or name of the section of the information in relation to committees formed within the Board of Directors | This information is given under the headings of 1. General Information / (q) information on the Company’s Board of Directors, Senior Managers and Number of Personnel / Board of Directors, the Number, Structure and Independence of the Committees formed within the Board of Directors. | |
| c) The number of meetings of the board of directors within the year and number of page or name of the section of the information of status of participation by members in the meetings | This information is given under the headings of 1. General Information / (q) information on the Company’s Board of Directors, Senior Manager, information on the number of personnel / the Principles of Operation of the Board of Directors and its Structure. | |
| ç) Number of page or name of the section of the information regarding changes in legislations that may affect significantly the activities of the company | This information is given under the headings of 3. Company’s Activities and Periodical Developments / the information on the Changes in the Legislation to be able to affect the Company’s activities significantly. | |
| d) Number of page or name of the section of the information regarding the important lawsuits brought against the company and their probable results | This information is given under the headings of 3. Company’s Activities and Periodical Developments / the information on the Lawsuits brought against the company and to be able to affect the financial situation and activities of the company and their probable outcomes. | |
| e) Number of page or name of the section containing the conflicts of interest between the company and the institutions from which investment consultancy and rating service are received and the measures taken in order to prevent them | This information is given under the headings of 3. Company’s Activities and Periodical Developments / the information on the conflicts of interest arising between the institutions from which the company receives services such as consultancy, evaluation and rating and the company and the measures taken by the company for preventing such conflicts of interests. | |
| f) Number of page or name of the section containing the information in relation to the mutual affiliates of which the rate of direct participation in the share capital exceeds 5% | This information is given under the headings of 3. Company’s Activities and Periodical Developments / information on the Mutual Affiliates exceeding 5%. | |
| g) Number of page or name of the section containing the information relating to social rights of employees, vocational training and the corporate social responsibility activities in relation to company activities creating other social and environmental outcomes | This information is given under the headings of 3. Company’s Activities and Periodical Developments / our Corporate Social Responsibilities and 6. Other Subjects b)b) in formation on Personnel and Employee Movements, Collective Bargaining Practices, the rights and benefits provided to the personnel and workers and the vocational training of the personnel. | |
|  |  |  | |
| **3. BENEFICIARIES** |  | |
| 3.1. The Company Policy in relation to Beneficiaries |  | |
| Name of the section containing the compensation policy on the corporate website of the company | Ana Sayfa>Yatırımcı İlişkileri>Politikalar>Tazminat Politikası  *Homepage>Investor Relations>Policies>Compensation Policy* | |
| Number of judicial decisions having become definite against the company due to infringement of rights of the employees | None | |
| The title of the official relating to notification mechanism | Corporate Governing Policy and Audit Committee through Investor Relations | |
| Information of access to the notification mechanism of the company | info@dogusgyo.com.tr, telefon:0212 335 2850 | |
| **3.2. Supporting the Participation of Beneficiaries in the Company Management** |  | |
| Name of the section containing the internal regulations in relation to participation by employees in the management bodies on the corporate website of the company | None | |
| Management bodies through which employees are represented | None | |
| **3.3. Human Resources Policy of the Company** |  | |
| Role of the board of directors in developing succession plan for key executive positions | With the resolution number 421 and dated 20.07.2015 of the Board of Directors, the personnel succession policy has been accepted and caused to enter into force for key manager positions. | |
| Name of the section containing the human resources policy involving the equality of opportunity and criteria for recruitment of employees or the summary of the articles relating to the policy on the corporate website of the company | Homepage>Investor Relations>Policies>Human Resources and Personnel Succession planning | |
| Whether the plan for acquisition of shares is available or not | Plan for acquisition of share is not available | |
| Name of the section containing the human resources policy involving the measures for preventing segregation and maltreatment or the summary of related articles of the policy on the corporate website of the company | Homepage>Investor Relations>Policies>Human Resources and Personnel Succession planning | |
| Number of judicial decisions having become definite against the company due to responsibility for occupational accidents | None | |
| **3.5. Codes of Conduct and Social Responsibility** |  | |
| Name of the section containing the codes of conduct policy on the corporate website of the company | Homepage>Corporate>Company Information>Codes of Conduct | |
| Name of the section containing the corporate social responsibility report on the corporate website of the company. If corporate social responsibility report is unavailable, measures taken on subjects of environmental, social and corporate governance | Homepage>Corporate>Company Information>Corporate Social Responsibility | |
| Measures taken for fighting against any kinds of corruption including dishonesty and bribery | None | |
|  |  |  | |
| **4. BOARD OF DIRECTORS-I** |  | |
| 4.2. Principles of Operation of the Board of Directors |  | |
| The most recent board of directors performance evaluation date | 28.12.2018 | |
| Whether independent experts have been utilized in board of directors performance evaluation | No | |
| Whether all the members of the board of directors have been released or not | Yes | |
| Names of the members of the board of directors to whom authority is delegated with distribution of tasks and the content of such authorities | As result of the distribution of tasks made in the meetings of the board of directors dated 06.04.2018 and 26.06.2018, it has been resolved the following persons be elected for the following positions:  Mr. Hüsnü Akhan as the Chairman of the Board of Directors, Ekrem Nevzat Öztangut, Hasan Hüsnü Güzelöz as the members of the Board of Directors, Hasan Hüsnü Güzelöz as the Executive Member of the Board of Directors and Company General Manager, Çağan Erkan as the Chief Executive Officer;  To perform in the committees:  Mustafa Sabri Doğrusoy as the Chairman (Independent Member of the Board of Directors), Murat Bahadır Teker as the Member (Independent Member of the Board of Directors) in the Audit Committee;  Mustafa Sabri Doğrusoy - Chairman (Independent Member of the Board of Directors), Murat Bahadır Teker - Member (Independent Member of the Board of Directors), Hasan Hüsnü Güzelöz - Member (Member of the Board of Directors) in the Corporate Governance Committee;  Mustafa Sabri Doğrusoy – Chairman (Independent Member of the Board of Directors), Murat Bahadır Teker – Member (Independent Member of the Board of Directors), Hasan Hüsnü Güzelöz – Member (Member of the Board of Directors) in the Early Detection of Risk Committee (the Corporate Governance Committee shall also perform the functions of the Remuneration Committee and Nomination Committee). | |
| Number of reports presented by internal control unit to the audit committee or other related committees | None | |
| Name of the section or number of page containing the evaluation in relation to efficiency of the internal control system in the annual report | 5. The information in relation to the Risk Management and Internal Control Mechanism of the Company | |
| Name of the chairman of the board of directors | Hüsnü Akhan | |
| Name of the chief executive officer / general manager | Çağan Erkan | |
| The connection of PDP announcement through which the reason that the chairman of the board of directors and chief executive officer / general manager is the same person is specified | None | |
| The connection of PDP announcement in relation to the fact that the loss to be caused by the members of the board of directors to the company due to their faults during their duties is insured with an insurance value exceeding 25% of the company’s share capital | https://www.kap.org.tr/tr/Bildirim/720323 | |
| Name of the section giving information regarding the diversity policy for increasing the proportion of women members of the board of directors on the corporate website of the company | Ana Sayfa>Yatırımcı İlişkileri>Politikalar>Kadın Üye Politikası  *Homepage>Investor Relations>Policies>Woman Member Policy* | |
| Number and proportion of women members | None | |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Structure of the Board of Directors** |  |  |  |  |  |  | |  |
|  | | | | | | | | |
| **Name/Family Name of the Member of the Board of Directors** | **Whether he/she is executive or not** | **Whether he/she is independent member** | **First date of election to the board of directors** | **Connection of the PDP Announcement containing the Statement of Independence** | **Whether the Independent Member has been evaluated by the Nomination Committee or not** | **Whether there is a member having lost his/her independence** | **Whether the member has minimum 5-year experience in field of Audit, Accounting and/or Finance** | |
| Hüsnü Akhan | Non-executive | Not independent member | 04.04.2013 |  | Not evaluated | No | Yes | |
| Hasan Hüsnü Güzelöz | Executive | Not independent member | 03.01.2011 |  | Not evaluated | No | No | |
| Ekrem Nevzat Öztangut | Non-executive | Not independent member | 03.01.2011 |  | Not evaluated | No | Yes | |
| Mustafa Sabri Doğrusoy | Non-executive | Independent member | 09.04.2014 | https://www.kap.org.tr/tr/Bildirim/665337 | Evaluated | No | Yes | |
| Murat Bahadır Teker | Non-executive | Independent member | 26.06.2018 | <https://www.kap.org.tr/tr/Bildirim/690496> | Evaluated | No | Yes | |

|  |  |
| --- | --- |
| **4. BOARD OF DIRECTORS-II** |  |
| 4.4. Method of the Board of Directors Meetings |  |
| Number of the meetings of the board of directors held by physical convocation in the reporting period | 31 |
| Average rate of participation in the meetings of the board of directors | 96,67% |
| Whether an electronic portal is used or not for facilitating the activities of the board of directors | No |
| How many days ago the information and documents are presented to the members in accordance with the principles of operation of the board of directors | 2 days ago |
| Name of the section containing the information on the in-house regulations determining how to hold the meetings of the board of directors on the corporate website of the company | Ana Sayfa>Yatırımcı İlişkileri>Politikalar>Yönetim Kurulu İç Yönerge  *Homepage>Investor Relations>Policies>Board of Directors Internal Directive* |
| The upper limit determined in the policy limiting the members in assuming duties outside of the company | No limit exists. |
| **4.5. Committees formed within the Board of Directors** |  |
| Number of the page or name of the related section containing the information relation to the board of directors committees in the annual report | This information is given under the headings of 1. General Information / (q) information on the Company’s Board of Directors, Senior Managers and Number of Personnel / Board of Directors, the Number, Structure and Independence of the Committees formed within the Board of Directors. |
| Connection of PDP announcement by which the principles of operation of the committee are announced | https://www.kap.org.tr/tr/Bildirim/370675 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Board of Directors Committees-I** |  |  |  |  |
|  | | | | |
| **Names of the Board of Directors Committees** | **Name of the Committee specified as “Other” in Column One** | **Name and Family Name of the committee members** | **Whether he/she is the committee chairman** | **Whether he/she is the member of the board of directors** |
| Audit Committee |  | Mustafa Sabri Doğrusoy | Yes | Yes |
| Audit Committee |  | Murat Bahadır Teker | No | Yes |
| Corporate Governance Committee |  | Mustafa Sabri Doğrusoy | Yes | Yes |
| Corporate Governance Committee |  | Murat Bahadır Teker | No | Yes |
| Corporate Governance Committee |  | Hasan Hüsnü Güzelöz | No | Yes |
| Early Detection of Risk Committee |  | Mustafa Sabri Doğrusoy | Yes | Yes |
| Early Detection of Risk Committee |  | Murat Bahadır Teker | No | Yes |
| Early Detection of Risk Committee |  | Hasan Hüsnü Güzelöz | No | Yes |

|  |  |
| --- | --- |
| **4. BOARD OF DIRECTORS-III** |  |
| 4.5. Committees formed within the Board of Directors -II |  |
| Please specify the section giving information regarding the activities of the audit committee on the annual report or corporate website of the company (page number or name of the section) | This information is available under the headings of Homepage>Investor Relations>Committees>Audit Committee. |
| Please specify the section giving information regarding the activities of the corporate governance committee on the annual report or corporate website of the company (page number or name of the section) | This information is available under the headings of Homepage>Investor Relations>Committees>Corporate Governance Committee. |
| Please specify the section giving information regarding the activities of the nomination committee on the annual report or corporate website of the company (page number or name of the section) | This information is available under the headings of Homepage>Investor Relations>Committees>Corporate Governance Committee. |
| Please specify the section giving information regarding the activities of the Early Detection of Risk Committee on the annual report or corporate website of the company (page number or name of the section) | This information is available under the headings of Homepage>Investor Relations>Committees>Early Detection of Risk Committee. |
| Please specify the section giving information regarding the activities of the Remuneration Committee on the annual report or corporate website of the company (page number or name of the section) | This information is available under the headings of Homepage>Investor Relations>Committees>Corporate Governance Committee. |
| **4.6. Financial Rights Provided to the Members of the Board of Directors and Executives with the Managerial Responsibility** |  |
| Number of the page or name of the section of the annual report giving information on operational and financial performance targets and in relation to the fact whether these have been attained | This information is contained in the heading 4. Financial Situation of the Annual Report. |
| Name of the section of the corporate website containing the remuneration policy in relation to members being in charge of and not being in charge of the execution | Homepage>Investor Relations>Policies>Remuneration Policy |
| Number of the page or name of the section of the annual report specifying the remunerations given to the members of the board of directors and executives with managerial responsibility and all other benefits provided | This information is contained under the headings 2. The financial rights/attendance fee right provided to the members of the board of directors and senior managers, remuneration, premium, dividend and benefits like these. |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Board of Directors Committees-II** |  |  |  |  |  |
|  | | | | | |
| **Names of the Board of Directors Committees** | **Name of the Committee specified as “Other” in Column One** | **Proportion of the Non-Executive Directors** | **Proportion of Independent Members in the Committee** | **Number of Physical Meeting in which Committee is realized** | **Number of Reports submitted to the Board of Directors regarding the Operations of the Committee** |
| Audit Committee |  | 100% | 100% | 7 | 7 |
| Corporate Governance Committee |  | 67% | 67% | 5 | 5 |
| Early Detection of Risk Committee |  | 67% | 67% | 7 | 7 |