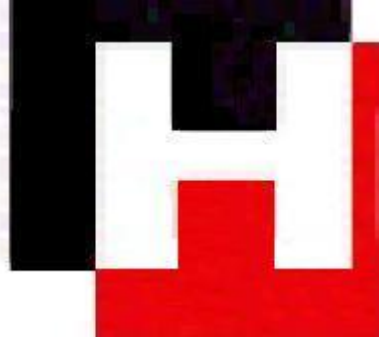


# HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.



## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

**2015**



## BOARD OF DIRECTORS ACTIVITY REPORT

### 9. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2015

#### 1. Corporate Governance Principles Compliance Report

In corporate governance practices, our Company pays strict attention to comply with the Capital Market Legislation and the Capital Market Board (CMB) regulations and has adopted the equality, transparency, accountability and responsibility as concepts that constitute the basis of corporate governance.

Our Company's corporate governance applications are subject to corporate governance rating by ISS Corporate Services Inc. (ICS) an international rating company that obtained official authorization to conduct ratings in Turkey in accordance with methodology approved by the CMB.

Our Company is one of the first companies that received corporate governance rating in our country. Our Company was evaluated for the first time in 2007 and received a corporate governance rating "good" with 8.0 over 10. Between 2008 and 2012, our corporate governance rating gradually was raised to 8.32; 8.43; 8.47; 8.56; and 9.09. On the other hand in 2013, we had the same score 9.09. SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş that has a license to carry out rating activities in Turkey in compliance with the regulations and decisions of the Capital Markets Board (CMB) on the issue, determined our corporate governance rating score as 9.30 (92,96) over 10 in the 2014 evaluation. Based on the 2015 review by SAHA, our Company's rating score was increased to 9.36 (93.58). Within the framework of the Principle Decision of CMB on the issue; final rating score is determined by using different weights in four subcategories. Within this scope, the distribution of our corporate governance rating scores in the subcategories is as follows;

Shareholders (weight: 0.25) = 94.77

Public Disclosure and Transparency (weight: 0.25) = 92.77

Stakeholders (weight: 0.15) = 98.09

Board of Directors (weight: 0.35) = 91.39

It is possible to reach the Corporate Governance Rating and Corporate Governance Compliance Reports via our website ([www.hurriyetkurumsal.com](http://www.hurriyetkurumsal.com)).

In the accounting period ending on 31 December 2015, the Company complied with the Corporate Governance Principles as required by the CMB Regulations and Resolutions and regarding the issues not included in these Principles where the Company does not fully comply, the Company came to the conclusion that these issues do not lead to a significant conflict of interest.

Vuslat Sabancı  
Chairwoman

Ahmet Özer  
Executive Board Member



## SECTION I - SHAREHOLDERS

### 2. Investor Relations Unit

2.1. All provisions of applicable legislation, the Articles of Association and other Company policies regarding the exercise of shareholders' rights are being complied with and every precaution is being taken to ensure the exercise of these rights.

2.2. The "Shareholder Relations Unit" was established to observe the relations between the shareholders and the Company and to ensure that the requirements for shareholders' right to information are fully satisfied, it carries out its duties in accordance with the Capital Market Legislation, CMB Regulations and the Articles of Association. The main duties of this unit are to:

- Ensure that shareholder records are accurate, safe and up-to-date,
- Respond to written requests for information by shareholders about the Company in accordance with Capital Markets Legislation,
- Observe that General Assembly Meetings are held in compliance with the applicable legislation, the Articles of Incorporation and other Company policies,
- Prepare the documents to be submitted to shareholders at General Assembly meetings,
- Ensure that the voting results are recorded properly and the reports on results are delivered to all shareholders,
- Observe and monitor all issued related with public disclosure, including legislation and the Company's information policy,
- Ensure the execution of Capital Market compliance activities and
- Ensure the performance of investor relations activities.

2.3. Dr. İnci Tari, Investor Relations and Finance manager, is serving as Investor Relations Manager. Her contact details are as follows:

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<b>Name</b>	Dr. İnci Tari
<b>Title</b>	Investor Relations and Finance Manager
<b>Licence information</b>	Corporate Management Rating Licence no: 700895 Capital Market Operations Advanced Licence: 206564
<b>Address</b>	Hürriyet Dünyası 100. Yıl Mahallesi, Matbaacılar Caddesi No:78 34204 Bağcılar / İstanbul
<b>Phone - facsimile</b>	+90 212 449 60 30 - 677 01 82
<b>E-mail</b>	itari@hurriyet.com.tr yatirimciiliskileri@hurriyet.com.tr

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All Hürriyet shares are included in the Central Registry System (CRS). Formalities related to CRS are managed by the Company internally.

2.4. All requests for information received from investors and shareholders in 2015 were responded to in accordance with the Capital Market Legislation, CMB Regulations and Resolutions; relevant information and documents, excluding those regarded as confidential or holding trade secrets, were delivered to investors and shareholders, observing the principle of equality.



## BOARD OF DIRECTORS ACTIVITY REPORT

All e-mailed and verbal requests for information were responded to without delay, all meeting requests from Hürriyet analysts were met to the extent permitted by the schedule. On the day after the financial disclosures, made on quarterly basis, four teleconferences were organized to discuss the results of the disclosures.

**2.5.** Maximum care is taken to reply to inquiries in accordance with applicable legislation and the Articles of Association. To the best of the Company's knowledge, no written or verbal complaints concerning the exercise of shareholders' rights were received in 2015, nor were there any official investigations launched against the Company.

### **3. Exercise of Shareholders' Right to Information**

**3.1.** The Company does not discriminate against different groups of shareholders, including minority and foreign shareholders, in terms of their rights to information.

**3.2.** Maximum care is taken to reply to the requests for information received from investors and shareholders in 2014 in accordance with the Capital Market Legislation, CMB Regulations and Resolutions.

**3.3.** Presentations on developments related with the Company and financial highlights together with all necessary information that would affect the proper exercise of shareholders' rights are updated and available on the Company's website at [www.hurriyetkurumsal.com](http://www.hurriyetkurumsal.com), both in Turkish and English.

**3.4.** The Articles of Association do not yet provide for an individual's right to appoint a special auditor and no request for appointment of a special auditor was received from shareholders during the year. However, this right might be included in the Articles of Association in the future, depending on changes in relevant legislation.

### **4. General Assembly Meetings**

**4.1.** The Ordinary General Meeting of Shareholders to discuss the activities of the year 2014 was held on 30 March 2015 at the Company's head office. Pursuant to Article 1527 of the Turkish Commercial Code 6102 dated 13.01.2011, that allows for electronically attendance, suggesting a proposal, expressing opinions and voting at the general assembly meetings of joint stock companies, the Company has provided the opportunity to shareholders who are entitled to attend general assembly meetings, to attend the meetings via electronic means. Besides the methods set forth in the legislation, the General Assembly meeting was announced at the Company's website ([www.hurriyetkurumsal.com](http://www.hurriyetkurumsal.com)), advertisements published in Hürriyet and Radikal and via Electronic General Assembly System of the Central Registry Agency (CRA) to ensure maximum participation by shareholders, at least 3 weeks in advance, as set forth in the Company's Articles of Association.

**4.2.** Regulations on the Company's General Assembly meetings are given in the Articles of Association of Hürriyet Gazetecilik ve Matbaacılık A.Ş. that is announced on the Company's website and is accessible by the public. Information regarding the agenda items is prepared and announced to the public before the General Assembly meeting. Financial statements and reports, including the annual report, dividend distribution proposals, informative document on the agenda items, any documents supporting the agenda and the most recent version of the Articles of Association, any amendments and their reasons are made available to all shareholders for scrutiny at the Company's headquarters, branches and websites following the announcement of the General Assembly Meeting. Prior to the General Assembly Meeting, forms of proxy statements are made available on the website for those desiring to be represented by proxy.



**4.3.** The meeting procedure for the General Assembly ensures maximum participation of shareholders. "Electronic signatory" shareholders who intend to attend the General Assembly meeting via electronic means obtained the information about the attendance to the meeting electronically from "CRA" and/or CRA's website at [www.mkk.com.tr](http://www.mkk.com.tr).

General Assembly meetings were held in a way not to create any inequality between shareholders, with minimum cost incurred by shareholders and in the least complex manner.

**4.4.** The voting procedure is announced to shareholders on the website and through announcements in newspapers. Unless otherwise decided by the General Assembly, all General Meetings are open to interested parties and members of the media, pursuant to the Company's Articles of Association. The venue of General Assembly Meetings facilitates maximum participation of shareholders.

However, shareholders or proxies who attend a General Assembly Meeting without an entrance card are not entitled to speak and vote at the meeting. At the General Assembly Meetings, agenda items are explained in an unbiased, detailed, clear and understandable manner and shareholders are allowed to explain their views, ask questions and discuss related issues in a democratic environment.

**4.5.** In the General Assembly Meeting held, out of a total of 552,000,000 shares that represent the Company's capital, a total of 434,234,446.582 shares (%79.73) were present, all represented by proxy; thus the quorum as set forth by law and the Company's Articles of Association was met.

**4.6.** Voting rights at General Assembly Meeting are exercised as open votes and by the showing of hands. In 2014, the shareholders exercised their right to pose questions at General Assembly but no written responses were required since all questions were responded to.

**4.7.** In principle, it is ensured that the Board Member responsible for specific agenda items, other related persons, executives responsible for preparation of financial statements and auditors attend the General Assembly meeting to provide necessary information and to respond to questions posed.

**4.8.** At the General Assembly meeting held on 30 March 2015, it was announced that the amount of donations made during the accounting period between 1 January - 31 December 2015 to foundations, associations, state institutions and organizations for social aid purposes amounted to TL 811,690.

**4.9.** It is anticipated that the financial results for 2015 will be announced within 10 weeks after the closing of the accounting period. Accordingly, the practice in this regard does not constitute any contradiction, in general sense, to the Capital Market Legislation and hence to the spirit of Principles.

**4.10.** Company shareholders, certain Board members, Company's employees and the independent audit company attended the General Assembly meetings, while the media did not.



## BOARD OF DIRECTORS ACTIVITY REPORT

### 5. Voting Rights and Minority Rights

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

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

5.3. Each share is entitled to one vote in the Company.

5.4. There exists no provisions that postpone voting rights until a specific date following the acquisition of a share.

5.5. The Articles of Association do not contain any provisions that prevent a non-shareholder from voting as proxy as a representative of a shareholder.

5.6. According to the Articles of Association, in the event that the beneficial interests and rights of disposal of a share belong to different persons, they may have themselves represented as they deem fit, upon mutual agreement. However, if they fail to agree, the right to attend and vote at the General Meeting of Shareholders shall be given to the beneficial owner.

5.7. The Company's share capital does not involve any cross-shareholdings.

5.8. Minority rights are granted to shareholders collectively holding 5% of the share capital (Article 32 of the Articles of Association).

5.8.1. The Company takes the utmost care to ensure the exercise of minority rights. During 2015, the Company did not receive any criticism or complaint in this regard.

5.9. The Articles of Association do not provide for "cumulative voting". The advantages and disadvantages of this method are being assessed within the framework of legislative developments.

### 6. Dividend Right

The Company determines its dividend policy and realizes dividend distribution in accordance with the relevant provisions of the Turkish Commercial Code, the Capital Market Legislation, Capital Market Board (CMB) Regulations and Resolutions, tax laws, other applicable legislation and its Articles of Association and the resolutions adopted by the Board of Directors.

Accordingly,

- 1- In principle, a minimum 50% of "net distributable profit" calculated in accordance with Capital Market Legislation, CMB Regulations and Resolutions, taking into account the financial statements prepared according to Capital Market Legislation, CMB Regulations and Resolutions are distributed,
- 2- In case of an intention to distribute 50% to 100% of the net distributable profit, the dividend payout ratio is determined considering the financial statements, financial structure and budget of the Company,



- 3- The dividend distribution proposal is made public taking into consideration legal time frames and in line with Capital Market Legislation and CMB Regulations and Resolutions.
- 4- In the event that the net distributable profit based on financial statements prepared in line with the Turkish Commercial Code and Tax Laws is:
  - a. Lower than the amount calculated according to Article 1, the amount calculated within the framework of this article is applied and all distributable amounts is distributed,
  - b. Higher than the amount calculated according to Article 1, Article 2 is the guideline for the action to be taken.
- 5- In case there is no distributable profit based on legal records kept pursuant the Turkish Commercial Code and the Tax Laws, no dividend distribution is made even if a net distributable profit is calculated according to the financial statements prepared in accordance with the Capital Market Legislation and CMB Regulations and Resolutions and pursuant to Capital Market Legislation and CMB Regulations and Resolutions.
- 6- In case the net distributable profit is below 5% of the Company's issued capital, it may be decided not to distribute any dividends.
- 7- The upper limit of aid and donations to be granted by the Company within an accounting period is fixed by the General Assembly within the framework of the rules set forth in the Capital Market Legislation and CMB Regulations and Resolutions.
- 8- Dividend distribution starts as of, and not later than the 30<sup>th</sup> day after the General Assembly meeting when the resolution on dividend distribution is adopted and in any case as of the end of the accounting period.
- 9- The Company may distribute the dividends in cash and/or as "bonus shares", in advance or by installments, in accordance with the Capital Market Legislation and CMB Regulations and Resolutions and in line with the General Assembly resolution.
- 10- The Company may distribute dividends to non-shareholders, according to the resolution by the General Assembly. In such a case, the provisions of the Turkish Commercial Code, Capital Market Legislation and CMB Regulations and Resolutions and the Articles of Association shall apply.
- 11- The Company may decide on and distribute dividends in advance in accordance with the provisions of the Turkish Commercial Code, Capital Market Legislation, CMB Regulations and Resolutions, tax laws, other legal regulations and the Company's Articles of Association and the General Assembly resolution.
- 12- Investment aiming to increase the Company's value that require considerable cash outflow, material issues that affect the financial structure, important uncertainties that emerge in economy, markets or other fields, beyond the Company's control, are taken into consideration when taking the decisions on dividend distribution.

## **7. Transfer of Shares**

- 7.1. The Articles of Association do not contain any provisions that restrict the free transfer of shares by shareholders.



# BOARD OF DIRECTORS ACTIVITY REPORT

## SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

### 8. Disclosure Policy of the Company

**8.1.** A disclosure policy to provide necessary information to the public was prepared and announced on the Company's website. This policy is available at [www.hurriyetkurumsal.com](http://www.hurriyetkurumsal.com).

**8.2.** To this end, informational meetings are organized and/or such meetings are attended further the material disclosures and periodical financial statements and annual reports disclosed to public. Investors, analysts and press members are invited to these meetings. Within this framework, Board Members and senior managers attend these meetings and make presentations. Additionally, introduction documents, disclosures to data delivery companies, announcements and news published on the Company's website are other instruments used under the disclosure policy.

**8.3.** The Company Disclosure Policy has been approved by the Board of Directors and presented to the shareholders at the General Meeting. The Board of Directors is in charge of monitoring, reviewing and improving the Disclosure Policy. The Corporate Governance Committee informs and makes recommendations to the Board of Directors, Executive Committee, Audit Committee and the CFO on issues related to the Disclosure Policy.

**8.4.** The Investor Relations Unit is authorized to oversee and monitor any issues related to public disclosure. Inquiries received from outside the Company are responded to either by the Chief Executive Officer, Chief Financial Officer, or the Investor Relations and Finance Manager, within the knowledge of and authorization limits set by the CEO and CFO, depending on the content of the query.

In responding to queries, utmost care is taken to avoid any violation of the equal rights of stakeholders to obtain information.

The individuals authorized to make public disclosure on Borsa Istanbul Public Disclosure Platform under the Company's Disclosure Policy and their contact details are as follows:

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<b>Name</b>	Dr. İnci Tari
<b>Title</b>	Investor Relations and Finance Manager
<b>Name</b>	Ediz Haşmet Kökyazıcı
<b>Title</b>	Finance Director (CFO)
<b>Name</b>	Gülhan Meral Daldaban
<b>Title</b>	Budget Analysis, Control and Planning Manager
<b>Phone-Facsimile</b>	+90 212 449 60 30 - 677 01 82
<b>E-mail</b>	itari@hurriyet.com.tr yatirimciliskileri@hurriyet.com.tr

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35 material matter disclosures were made in 2015. The Capital Market Board and/or Management of Borsa Istanbul did not issue any notifications and/or amendments and requests for additional material event disclosures regarding the public disclosures the Company made in 2015.





**8.5.** Except where applicable legislation requires otherwise, information distribution companies and the website of the Company are used effectively for public disclosures. Principles governing the disclosure of information on future prospects are defined in the Company's Disclosure Policy.

**8.6.** In public announcements, information on future prospects is disclosed together with the justifications and the statistical data underlying the forecasts and is associated with the Company's financial position and operational results. Only the Chief Executive Officer and the Chief Financial Officer are authorized to make such announcements.

**8.7.** Board Members, executives and shareholders who directly or indirectly own 5% of the Company's capital are required to disclose all their dealings in the Company's securities, in accordance with the Capital Market Law. There were no transactions or public disclosures in 2015 related to this issue.

**8.7.1.** All material disclosures are entered into the website both in Turkish and English version, thus the material event disclosures made are automatically announced on the website.

**8.7.2.** The Company does not have any stock-based derivative products. In 2015, no commercial and/or non-commercial transactions took place between Hürriyet and other companies in which Board Members, executives or shareholders who directly or indirectly own at least 5% or more of Hürriyet's capital, hold at least a 5% stake or have management control irrespective of the amount of shares they hold.

**8.8.** The financial statements and footnotes of the Company were prepared on a consolidated basis, pursuant to the provisions of the CMB Communiqué II-14.1, in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards, announced by the Public Oversight, Accounting and Auditing Standards Authority, presented in line with the principles set forth in the CMB's decision 20/670 dated 7 June 2013 and announced in the CMB's Weekly Journal numbered 2013/19 dated 7 June 2013, audited independently in compliance with the Turkish Audit Standards and were publicly disclosed. The Annual Report 2015 is prepared in accordance with the Capital Market Legislation and CMB Regulations and Principles.

## **9. The Website and Its Contents**

**9.1.** The Company's website is designed in accordance with the Turkish Commercial Code, Capital Market Legislation and CMB Regulations and Resolutions, is accessible at [www.hurriyetkurumsal.com](http://www.hurriyetkurumsal.com) and is actively used for public disclosures. In addition to the mandatory information requirements prescribed by relevant legislation, the Company's website also contains: information related to its trade registry; the latest shareholding and management structure; detailed information on preferred shares; the dates and issues of the trade registry gazette in which changes have been published; the latest version of the Articles of Association; public disclosures; financial statements and annual reports; registration statements; circulars related to initial public offerings; agendas of general meetings; attendance charts and minutes of general meetings; proxy voting form; mandatory information forms prepared for the call for the collection of shares and proxies; the Company's policy regarding acquisition of its own shares, if any; profit distribution policy; disclosure policy; information on related-party transactions; the Company's code of ethics; and requests for information, questions and notices received by the Company and responses given to these, under the frequently asked questions section. Information and records on the website date back at least five years.

**9.1.1.** The content and layout of the Turkish and English pages of the website were redesigned in accordance with the Turkish Commercial Code, Capital Market Legislation and CMB Regulations and Resolutions.



# BOARD OF DIRECTORS ACTIVITY REPORT

The Company's website comprises the information below:

## a) Corporate

- Company Profile
- Mission, Vision and Strategy
- Shareholding Structure
- Board of Directors
- Committees
- Organization
- Values and Hürriyet Publishing Principles

## b) Investor Relations

- Investor Relations Contact Information
- Corporate Information
- Financial Statements
- Annual Reports
- Capital Increase
- Dividend Information
- Significant Decisions of the Board of Directors
- General Assembly Meetings
- Investor Presentations
- Public Disclosures
- Calender
- Analysts
- Share Performance
- Frequently Asked Questions
- Investor Relations Site Map

## c) Corporate Governance

- Board of Directors
- Corporate Governance Committee
- Shareholding Structure
- Articles of Association
- Trade Registry Gazettes
- Minority Rights and Privileged Shares
- Corporate Governance Principles Compliance Report

- Corporate Governance Rating Report
- Code of Ethics
- Disclosure Policy
- Dividend Distribution Policy
- Remuneration Policy
- Donation and Support Policy
- Compensation Policy

## d) Social Responsibility

- Social Responsibility Projects
- No! To Domestic Violence
- Domestic Violence Hotline
- Rightful Women Platform
- Hürriyet Hakkımızdır Treni (Freedom is Our Right Train)
- Van Earthquake and Hürriyet
- Environmental

## e) Investments

- Printed Media
- Internet Operations
- Printing Activities
- Foreign Operations

## f) Human Resources

- Human Resources Practices
- Human Resources Policy
- Job Application

## g) Visual Gallery

- Advertising Videos

## h) Contact Us

- Contact Information
- Printing Center and Regional Offices
- Address



9.1.2. Studies to improve the website are steadily carried on.

9.1.3. The address of the website is clearly indicated on the Company's letterhead.

9.1.4. Guidelines related to the management of the website are included in the disclosure policy.

9.2. For public disclosures, the Capital Market Legislation, CMB and Stock Exchange Regulations and CMB Principles.

## 10. Annual Report

Annual Report 2013 as well as the annual report issued quarterly in 2014 are prepared on annual and interim basis both in Turkish and English languages to reflect the economic and financial status and operations of the Company accurately and fairly in accordance with the Turkish Commercial Code and CMB legislation, Corporate Governance Principles, Public Disclosure and Transparency principle and are announced on the Company's website.

## SECTION III - STAKEHOLDERS

Advertisers are important stakeholders for the Company since the Company carries on business in the media sector and the advertising revenues have important share among total revenues. The Executive Committee and Advertising Department are responsible for advertising policies and practices. The Company actively participates in and gives support to non-governmental organizations acting in the advertising and media sector. On the other hand, based on the importance of human resources in the media sector, the human resources management is represented at high level and the human resources policies are handled at macro level. General policies as regards to readers and audience of printed and visual/ audio media are defined and implemented by the Executive Committee.

## 11. Disclosures to Stakeholders

As detailed in Section I of the report, disclosures to shareholders and investors are made in accordance with the Capital Markets Legislation and the CMB Regulations and Principles, using tools that are determined in advance. Management is encouraged to join NGOs formed by stakeholders. Participation in such endeavors together with advertisers helps the Company understand their needs and ensures sustainable growth and financial strength. The stakeholders can contact the members of the Corporate Governance Committee or the Audit Committee or persons authorized to provide information under the Company's Disclosure Policy, via e-mail, regarding the Company's actions that are against the legislation and ethically inappropriate.



## BOARD OF DIRECTORS ACTIVITY REPORT

### 12. Participation of Stakeholders in Management

The Company is in constant contact with the stakeholders, verbally and in written form. Feedback received from stakeholders is evaluated and submitted to senior management, to assist the development of solutions and policies. There is no provision in the Articles of Association regarding the participation of stakeholders in management. Information to employees about general activities and practices of the Company and obtaining the proposals are provided via the Company's Intranet website.

### 13. Human Resources Policy

**13.1.** The Company offers equal opportunity to persons with the same qualifications in recruitment and career planning. Succession plans are put in place in order to prevent operational impediments if/when a manager resigns.

**13.2.** All recruitment criteria have been detailed in writing and are efficiently implemented.

**13.3.** All employees are treated equally with regard to their rights. Training programs are organized and training policies are developed to enhance the knowledge, skills, and conduct of personnel. Meetings are organized for personnel to give them information and share opinions about the Company's financial position, compensation, career planning, training, health and similar topics.

**13.4.** Job descriptions, distribution of duties, performance and rewarding criteria are shared with employees. In determining compensation and other benefits offered to personnel, the Company takes productivity measures into account. The Company may choose to develop employee stock ownership plans.

**13.5.** The Company does not discriminate among its employees in terms of their race, religious belief, language or gender, and takes all precautions to protect employees against all kinds of physical, emotional or psychological abuse.

**13.6.** Safe working environment and conditions are provided for the employees.

### 14. Code of Ethics and Social Responsibility

**14.1.** The Company's ethical rules are announced to the public on the corporate website. The ethical rules are continuously reviewed and updated.

**14.2.** The Company conducts the social responsibility projects backed up by its employees of high social sensitivity, its corporate structure and the synergy created by all corporations within its organization.



**14.3.** With its “End Domestic Violence” campaign that it has been carrying out for 11 years, our Company worked with the aim of creating awareness in the public opinion; creating social awareness; ensuring behavioral change; contributing to the solution of the problem by the politicians. In 2015, we transferred this to the Federation of Women’s Associations of Turkey (TKDF).

**14.4.** The Company complies with the regulations on environment, consumer and public health as well as ethical rules. The Company supports and respects internationally recognized human rights.

## **15. Structure and Formation of the Board of Directors**

**15.1.** The composition and election of the Board of Directors are subject to the Turkish Commercial Code, Capital Market Legislation, Law, CMB Regulations and Resolutions. The applicable principles are set forth also in the Articles of Association. Some arrangements have been made to comply with the CMB Principles.

Accordingly,

**15.1.1.** The Company is managed and represented by a Board of Directors that consists of eight members elected from among the shareholders at the General Meeting of Shareholders.

**15.1.2.** At least one-third of the Board Members must be independent members who meet the qualifications specified in the CMB’s Corporate Governance Principles. Individuals who have served on the Board for more than six years during last decade cannot be elected Independent Board Members. The Company’s Board of Directors consists of two Independent Members.

As per CMB’s Communiqué Series: IV, No: 56, which took effect on 30 December 2011, the Company falls into “Category 3” companies as its market capitalization is below TL 1 billion, and the total value of its outstanding shares is below TL 0,25 billion. Therefore, the Company meets the requirement of having two independent members on its Board.

The consent of a majority of independent members is sought in Board of Directors’ resolutions regarding the Company’s transactions with related parties and for providing collateral, surety or lien in favor of third parties. In the event that the majority of independent members do not approve the action, then it is disclosed to the public with all related information about the action, and submitted to the General Meeting of Shareholders for approval. The shareholders, with the exception of related parties in the transaction, are given the opportunity to participate in such decisions through voting at the related General Meeting. Quorum is not sought at the General Meetings that convene to resolve the issues described in this clause. Resolutions require an absolute majority. Board and General Assembly resolutions that are not adopted according to the principles stated under this paragraph shall not be valid. The Articles of Association comprise provisions in this regard.

**15.1.3.** The number of executive directors cannot exceed half of the Board of Directors and this point is taken into consideration, especially when defining the duties of Board Members.

**15.1.4.** The Chairman of the Board of Directors and the Chairman of the Executive Committee is not the same person.



## BOARD OF DIRECTORS ACTIVITY REPORT

15.2 Members of the Board of Directors and their status are as follows:

Name/Last Name	Title	Status
Vuslat Doğan Sabancı	Chairwoman	Non-Executive
Yahya Üzdiyen	Vice Chairman	Non-Executive
Ahmet Özer	Executive Board Member	Executive
Ahmet Dalman	Board Member	Non-Executive
Ahmet Toksoy	Board Member	Non-Executive
Kai Georg Diekmann	Board Member	Non-Executive
Çağlar Göğüş	Board Member	Independent Member
Béatrice de Clermont Tonnerre	Board Member	Independent Member

Board Members are unanimously appointed to serve until the General Assembly where the operations and accounts for the accounting year 1 January - 31 December 2015 will be discussed.

On 6 March 2015, the General Assembly resolved to disclose and announced to the public on the same date the application of Çağlar Göğüş and Béatrice de Clermont Tonnerre to serve as Independent Board Members who presented statement of independence on 5 March 2015. The Statement of Independence of the Independent Members of the Board of Directors are disclosed in the annual report.

Resumes of Board Members are given below.

### **Vuslat DOĞAN SABANCI**

#### **Chairwoman**

A graduate of Bilkent University's Department of Economics, Vuslat Doğan Sabancı went on to attend Columbia University in New York for her graduate studies in International Media and Communications. Ms. Doğan Sabancı currently chairs the Board of Directors at Hürriyet, and has held this post since 26 May 2010.

During her tenure as CEO between 2004 and 2010, Ms. Doğan Sabancı transformed Hürriyet from a leading paper in Turkey into an international powerhouse through her acquisition of Trader Media East (TME) in 2007 in a move that represented the largest ever foreign acquisition executed by a Turkish company. TME is an online and printed media advertising company operating in Russia, Ukraine, Belarus, Kazakhstan, Hungary, Croatia, Bosnia & Herzegovina and Serbia. Among TME's most important brands are Iz Ruk Ruki, one of the most well-known media brands in Russia, and Irr.ru, that country's leading online classifieds provider.

Ms. Doğan Sabancı ensured Hürriyet's position as a major player within Turkey's emerging new media industry by investing in digital publishing and services. These prudent investments resulted in the launch of hurriyet.com.tr as one of the highest trafficked websites across Europe. Hürriyet currently offers classified advertising services through its affiliated family of sites including hurriyetemlak.com, hurriyetoto.com, yenibiris.com, in addition to yakala.co (deal finder), and yenicarsim.com (e-commerce).



Ms. Doğan Sabancı has also evolved into a strong voice for human rights and especially issues related to gender equality in Turkey, by investing in such topics through Hürriyet. A law was enacted on domestic violence following an eight-year effort on her part through the “No! To Domestic Violence” campaign that she had initiated. Ms. Doğan Sabancı also established the “Rightful Women Platform” to gather all NGOs formed around issues concerning women under the same roof, and function as a pressure lobby to ensure more women could be voted into Parliament, prior to the General Elections in 2011. As a result of this effort, the number of female MPs rose to 78 after the 2011 elections, up from 48. In addition, Ms. Doğan Sabancı carries on with a multitude of activities in the name of giving women their rightful place both within society in general and within the economy in particular. A microloan project for women is one of such social responsibility projects.

Ms. Doğan Sabancı joined Hürriyet in 1996 as Vice President in charge of Advertising, before her promotion to the post of Marketing Group President three years later. Her responsibilities at Hürriyet included marketing, sales, human resources and information technologies (IT).

Before joining Hürriyet, Ms. Doğan Sabancı worked in the editorial department of The New York Times for a year, and later at The Wall Street Journal, where she was instrumental in the formation of the Asian Business World News Channel and the paper’s Latin America edition.

Born in 1971, Vuslat Doğan Sabancı is married with two children. Ms. Doğan Sabancı speaks English.

Ms. Doğan Sabancı is a lifetime honorary member of the International Press Institute (IPI), where she served an eight-year term as a Board Member.

## **Yahya ÜZDİYEN**

### **Vice Chairman**

Born in 1957, Yahya Üzdiyen graduated from Middle East Technical University, Department of Business Administration in 1980. From 1980 to 1996, he worked as trade and investment specialist and manager in several privately owned companies in Turkey and abroad. Having functioned as President of Strategy Group at Doğan Group from 1997 when he joined the Group until 2010, Mr. Üzdiyen was named acting CEO of Doğan Holding from the onset of 2011 until 24 January 2012 when he assumed the position full-time. Mr. Üzdiyen resigned from his position as CEO as of 5 January 2016, and has been sitting as a member on the Boards of Directors of a number of companies under Doğan Group. He has been serving as a member of the Board of Directors and as Vice Chairman of our Company since 2010. Mr. Üzdiyen is married and has two children.

## **Ahmet ÖZER**

### **Executive Board Member**

Born in 1972, Ahmet Özer received his undergraduate degree in Economics from Boğaziçi University. After taking on project development roles in several companies for two years, he joined Doğan Group in 1997. Having assumed the position of Business Development Manager at Doğan Holding until 2005, Mr. Özer joined Hürriyet as Strategy and Investor Relations Coordinator in 2005 and was appointed as Head of Hürriyet Internet Group as member of the Executive Board in 2009. A major contributor to the successful execution and completion of the acquisition process of Trader Media East (TME), foreign subsidiary of Hürriyet, he assumed management responsibility for all units of that company across 7 different countries from 2010 and has been named the CEO of TME, a position he held at the head office in Moscow until 2014.



## BOARD OF DIRECTORS ACTIVITY REPORT

### **Ahmet DALMAN**

#### **Board Member**

Ahmet Dalman was born in 1964 and graduated from Boğaziçi University, Department of Electrical-Electronics Engineering in 1986.

Starting his career as an Information Technologies specialist in the media sector, Mr. Dalman carried on his activities as partner and executive of a company producing technological solutions for media and different sectors and made remarkable contributions to the digitalizing and technology application process of many media companies.

In 1994, Dalman joined Hürriyet as Information Systems Manager and served as Technology Director at e-kolay.net Internet Service Provider Company of Doğan Group between 1999 and 2000.

He assumed duties as; Hürriyet Newspaper Information Systems Coordinator in 2001, Hürriyet Newspaper Executive Board Member in 2008, the Head of Hürriyet Internet and Information Technologies Group in 2010, and Hürriyet Executive Board Vice Chairman between May 2012 and May 2014. Dalman still continues to serve as a Member of the Board of Directors. Dalman is married with two children, and he speaks English.

### **Ahmet TOKSOY**

#### **Board Member**

Born in 1959 in İstanbul, Ahmet Toksoy graduated summa cum laude from the Department of Finance, Faculty of Business Administration at İstanbul University in 1981. In 1987, as the top student of his class, he was appointed as an Auditor at the Ministry of Finance, in which position he functioned from 1984 until 1989, when he joined Hürriyet Holding A.Ş. as a member of the Audit Committee. He worked as Assistant Finance Manager at Hürriyet Newspaper from 1990 to 1991 and as its Finance Manager from 1991 to 1995. He then worked as a Certified Public Accountant for three years at Aktif Denetim Yeminli Mali Müşavirlik.

In 1998, Mr. Toksoy returned to Hürriyet Newspaper where he served as the Financial Affairs Group President for 11 years until early 2010 when he was appointed President of Audit and Risk Management at Doğan Holding. Mr. Toksoy has been serving as the CFO and member of the Executive Committee of Doğan Şirketler Grubu Holding A.Ş. since September 2011. He also serves as a Board of Directors member of Doğan TV Holding A.Ş. and Hürriyet Gazetecilik ve Matbaacılık A.Ş. Mr. Toksoy is married and has one child.

### **Kai DIEKMANN**

#### **Board Member**

Born in 1964 in Ravensburg, Germany, Kai Diekmann grew up in the city of Biefeld. After graduating from high school, he voluntarily served in the army for two years. He was a trainee with Axel Springer AG in 1985, and worked in Hamburg, Bonn and New York as part of this post.

In 1987, he became Parliamentary Correspondent for Bild and Bild am SONNTAG in Bonn, and Executive Reporter for Bunte Magazine in 1989. Two years later, he became Deputy Editor of B.Z. published in Berlin and then moved to Hamburg as Deputy Editor and Head of the Politics Department of Bild, in which position he remained for five years.





After a brief travel throughout Central America, he became Editor in Chief of WELT am SONNTAG in 1998. In January 2001, he was named Editor in Chief of Bild and publisher of both BILD and BILD am SONNTAG, a position he still holds. In 2008, he was appointed Editorial Director of the BILD-group, and was named publisher of B.Z. in November 2013.

On assignment from Axel Springer AG, Mr. Diekmann spent ten months as Editor in Chief of BILD in the Silicon Valley, US, to study digital projects and business models.

Mr. Diekmann serves as a member of the Board of Directors of Hürriyet Newspaper since 2004 and of Times Ltd. since 2011.

### **Béatrice de CLERMONT TONNERRE**

#### **Independent Board Member**

Béatrice de Clermont Tonnerre has been serving as Director of Southern Europe for Joint Project Solutions since May 2013. Tonnerre lives in Paris and has served in various projects, from Pay TV and publishing to sports franchises, from sports franchises to book publishing, digital media and purchasing on internet. She is also well experienced in organic growth and launch of new products.

Ms. Tonnerre started her career as radio correspondent at Radio France Internationale Latin America and Europe 1 and joined Lagardere in 1995 as an analyst in the technology division of the Strategy Department. In 1998 she promoted as director of the Media Department and was appointed as the Head of Interactive Televisions Group of Canal Satellite in 2001, followed by her appointment as Co-Head for Programming in 2003.

Béatrice de Clermont Tonnerre graduated from the Institut d'Etudes Politiques de Paris, Department of Politics and obtained her MBA degree from École Supérieure des Sciences Economiques et Commerciales. In addition, she serves as a Board Member at LACIE, a technology company quoted on the French Stock Exchange.

There are no rules and/or restrictions regarding the Members of the Board of Directors of the Company to assume duty/duties outside the Company.

Recently, there is no restriction regarding the Members of the Board of Directors to assume duty/duties in the Company.



## BOARD OF DIRECTORS ACTIVITY REPORT

Information about the positions of the Members of the Board of Directors in the group companies is given below.

Name/Last name	Tasks taken on during last decade	Current tasks assumed outside the Company	Whether an Independent Board Member	Committee Participation and Position
Vuslat Doğan Sabancı	Board Member, Chairwoman of Executive Committee, Vice Chairwoman of Board	Board Member at Group companies	Not an independent member	-
Yahya Üzdiyen	Head of Strategy Group at Doğan Holding	Vice Chairman and Board Member at Group companies	Not an independent member	-
Ahmet Özer	CEO / International subsidiary	Board Member at Group companies	Not an independent member	-
Ahmet Nafı Dalman	Head of Internet and Information Technologies Group	Board Member at Group companies	Not an independent member	-
Ahmet Toksoy	Doğan Şirketler Grubu Holding A.Ş. Head of Financial Affairs Group	Board Member at Group companies	Not an independent member	-
Kai Georg Diekmann	Board Member	-	Not an independent member	-
Çağlar Göğüş	Independent Board Member	-	-	-
Béatrice de Clermont Tonnerre	Independent Board Member	-	Independent member	Member of Audit Committee

### 16. Operating Principles of the Board of Directors

**16.1.** The Board of Directors meets whenever required by the business of the Company and at least once every month. Members of the Board of Directors are promptly provided all information they may need to adequately perform their duties.

In 2015, the Board of Directors held/adopted 34 meetings/resolutions where the resolutions were taken unanimously without any opponent Board member.

**16.2.** The Board resolutions are signed by members and affixed to resolutions book. Any opponent member must sign the minutes by indicating the grounds for opposition. The meeting documents and related correspondence are regularly filed by the Board of Director's Secretariat Office. If the Independent Board Members cast negative vote in cases where their affirmative votes are required, the measures set forth in the Capital Market Law and the Capital Market Board Regulations.

**16.3.** Meetings of the Board of Directors take place at the Company's Headquarters, but upon a decision of the Board of Directors, meetings can be held in a different location. Members of the Board of Directors primarily attend meetings in person. However, it is also possible to utilize remote access technology. Written opinions of members who cannot attend the meetings in person are conveyed to the other members.



**16.4.** In order to perform the powers and responsibilities assumed, every year the Board of Directors identifies those from among its members who will be responsible for subjects requiring expertise; and makes duty allocation by designating executive directors who will assume a part of the Board's powers and a certain portion of Company business as well as observing the implementation of the decisions made, if required. Further, the Board carries on studies to delegate its powers, completely or partially, as allowed by the Turkish Commercial Code and the Capital Market Board, to senior managers by determining the methods and principles of assignment in accordance with the Turkish Commercial Code by issuing an internal directive.

**16.5.** Resumes of the Board Members are published in the Annual Report and on Company's website at [www.hurriyetkurumsal.com](http://www.hurriyetkurumsal.com)

**16.6.** Members of the Board of Directors are promptly provided all information they may need to adequately perform their duties. It is mandatory that the call for a meeting contains the agenda, is made at least 7 days prior the meeting and all information and documents related with the agenda items are attached thereto.

**16.7.** Members of the Board of Directors shall be elected from among individuals who have basic knowledge of the legal environment in the Company's line of business, are professional and experienced in management, can review financial statements and, preferably, hold relevant university degrees.

**16.8.** Members of the Board of Directors do not have weighted voting and/or veto rights.

**16.9.** Board of Directors meetings require the presence of at least one more than half of the full number of members and decisions require a simple majority of members present at the meeting. In case of equality of votes, the subject matter is added to the agenda of the next Board meeting and if it cannot be approved and decided upon by a majority of the votes at the next Board meeting, the relevant motion is deemed to have been disapproved. Each member is entitled to one vote, irrespective of their position and duties in the Board of Directors.

**16.10.** The Board's Secretariat Office, reporting to the Chairperson, is established to render services to all Board Members with the purpose to keep the documents of the Board meetings. The duties and responsibilities of the Board's Secretariat Office are set forth in the Articles of Association.

**16.11.** The Board of Directors makes a separate decision for the approval of financial statements and their notes as well as the Independent Audit Report, Corporate Governance Compliance Report and the Annual Report.

**16.12.** The Board Members may not attend any meeting where any subject involving its own interests as well as those of its spouse and relatives by blood and marriage up to third degree are discussed.

**16.13.** Meetings and travel expenses of the Board of Directors, special studies it may request in relation to its duties and related expenses are paid out of the general budget without any restriction.

## **17. Number, Structure and Independence of the Committees Constituted by the Board of Directors**

**17.1.** In line with the Company's current position, legal regulations and needs, four committees have been established to ensure that the Board of Directors properly fulfills its duties and responsibilities: Executive Committee (Executive Board), Audit Committee, Corporate Governance Committee and Early Risk Determination Committee.



## BOARD OF DIRECTORS ACTIVITY REPORT

17.2. General principles applicable for the committees are given in the Company's Articles of Association.

17.3. Additionally, the charters of the Audit Committee and the Corporate Governance Committee have been approved by the Board of Directors and are available at [www.hurriyetkurumsal.com](http://www.hurriyetkurumsal.com). These charters have been carefully designed in light of the Capital Market Legislation, CMB Regulations and Resolutions, the Articles of Association as well as practices in other countries. The committees meet at least on quarterly basis.

17.4. The Committees meet at intervals as required by their activities and upon call by the Chairman. The decisions made are kept in written and in a separate book. All correspondence and information by the Committees are performed by persons or a unit designated by the Board of Directors.

17.5. The Chief Executive does not serve on any committee.

### 17.6. Executive Committee (Executive Board)

17.6.1. Members of the Executive Committee are appointed to serve until first Board meeting to be held after the Ordinary General Assembly Meeting where the operating results for 2015 will be discussed. As per the Board resolution dated 20 April 2015, the Committee consists of the following members:

Name/Last Name	Title	
Ahmet Özer	Chairman of Executive Committee	
Sedat Ergin	Executive Committee Member	Chief Editor
Ediz Haşmet Kökyazıcı	Executive Committee Member	Finance Director
Tuba Köseoğlu Okçu	Executive Committee Member	Human Resources Director
Birim Gönülşen Özyürekli	Executive Committee Member	Marketing Director
Zeynep Tandoğan	Executive Committee Member	Advertising Director
Ahmet Reha Argaç	Executive Committee Member	Information Technologies Director
Kamil Özörnek	Executive Committee Member	E-commerce Director
Özlem Kutluay	Executive Committee Member	Sales and Strategic Planning Director

### 17.7. Corporate Governance Committee

17.7.1. According to Board Decision No. 2015/14 dated 20 April 2015, the Corporate Governance Committee shall consist of the following chairperson and members:

Name/Last Name	Title	Status
Çağlar Göğüş	Chairman	Independent Board Member/Non-Executive
Dr. İnci Tarı	Member	Investor Relations and Finance Manager/Executive
Dr. Murat Doğu	Member	Non-Executive

Additionally, it was resolved that the Corporate Governance Committee shall perform also the tasks of the "Nomination Committee" and the "Remuneration Committee", as set forth in the Communiqué Series IV, No 6 on the Definition and Implementation of Corporate Governance Principles, announced by the Capital Market Board (CMB).



**17.7.2.** Dr. İnci Tan who is a Committee Member, is an executive assuming duties as the Investor Relations and Finance Manager. Other Committee Members are non-executives. The Chairman Çağlar Göğüş is an independent member of the Board of Directors.

**17.7.3.** Dr Murat Doğu, Member of Corporate Governance Member, is serving also as a member of the Corporate Governance Committee at DYH.

**17.7.4.** Since its inception, the Committee has been continuing its activities in a regular manner. Accordingly:

- Corporate governance rating studies were carried out,
- Corporate governance compliance reports prepared by the Company were reviewed,
- Annual reports prepared by the Company were reviewed,
- It was ensured that the Ordinary General Assembly Meeting, where the operations of 2014 were discussed, was held in compliance with related legislation and principles,
- It was ensured that relations with shareholders and investors are pursued in compliance with related legislation and principles,
- Public disclosures of the Company were reviewed,
- The website was regularly updated and improved.
- In September 2014, the revised corporate governance rating score was obtained from ICS, the world's reputable corporate governance rating agency, and disclosed to the public.
- The Corporate Governance Committee held four meetings during 2015.

## **17.8. Audit Committee**

**17.8.1.** The Board of Directors convened on 20 April 2015 and resolved, taking into consideration the relevant provisions of the Articles of Association, that the Audit Committee shall consist of the following Chairman and Members to serve until the General Assembly Meeting where the operating results will be discussed:

<b>Name/Last Name</b>	<b>Title</b>	<b>Status</b>
Çağlar Göğüş	Chairman	Independent Board Member / Non-Executive
Béatrice de Clermont Tonnerre	Member	Independent Board Member / Non-Executive

**17.8.2.** The Chairman of the Audit Committee is not an Independent Board member. Furthermore, the members' position complies with the provisions of the Capital Market Board Legislation because they are non-executive members.

**17.8.3.** The charters of the Audit Committee and the Corporate Governance Committee have been approved by the Board of Directors and are available at [www.hurriyetkurumsal.com](http://www.hurriyetkurumsal.com) These charters have been carefully designed in light of the Capital Market Legislation, CMB Regulations and Resolutions, the Articles of Association as well as practices in other countries. Within this framework, in 2015;

- The Company's financial statements and their footnotes, as well as the independent audit report of the previous year were reviewed prior to their public disclosure and meetings were held with the Independent Audit Firm;
- The Company's independent audit contract was revised;
- Results of the internal controls performed by the Internal Control Department and the measures taken have been reviewed.



## BOARD OF DIRECTORS ACTIVITY REPORT

- Studies on risk management activities were carried out;
- The Audit Committee held four meetings during 2015.

### 17.9. Early Risk Determination Committee

**17.9.1.** The Board of Directors convened on 20 April 2015 and resolved, taking into consideration the relevant provisions of the Articles of Association, that the Early Risk Determination Committee shall consist of the following Chairman and Members to serve until the General Assembly Meeting where the operating results will be discussed:

Name/Last Name	Title	Status
Çağlar Göğüş	Chairman	Independent Board Member /Non-Executive
Erem Turgut Yücel	Member	Non-Executive
Tolga Babalı	Member	Non-Executive
Ediz Haşmet Kökyazıcı	Member	Executive

**17.9.2.** The Early Risk Determination Committee held six meetings during 2015.

**17.10.** The Company's committees act within their authority and responsibility and make recommendations to the Board of Directors. All final decisions are made by the Board of Directors.

**17.11.** A Board Member is serving at more than one committee, because the Board of Directors has two Independent Board Members.

### 18. Risk Management and Internal Control Mechanism

The Audit Committee and the Corporate Governance Committee communicate the risk management and internal control mechanism, the problems faced in these areas and their solutions with the Board of Directors, as the occasion arises. The Early Risk Determination Committee, established on 18 March 2013, makes recommendations to the Board of Directors on determination and management of risks.

The Early Risk Determination Committee carries out studies on early determination of risks that would jeopardize the existence, development and continuity of the Company, implementation of necessary measures as regards to risks determined and management of risks. Risk management systems are reviewed at least once a year.

In addition, the Chairman and Members of the Committee, established as per the resolution 2013/25 dated 3 July 2013 and pursuant to Article 378 of the Turkish Commercial Code, were replaced in accordance with the Communiqué Series IV, No 56 on the "Definition and Implementation of Corporate Governance Principles", announced by CMB.



## 19. Strategic Objectives of the Company

**19.1.** The Company's mission is to provide news, content and services as a global media brand, on a 24/7 basis, in continuous interaction with its readers and customers, using all channels and in all formats, and to add value to their lives. To accomplish this objective, the main task of the executives of Hürriyet and its subsidiaries is to maintain the independence of both the Company and the newspaper and to manage the Company in a way that will protect its independency, the basis of this objective and to provide maximum value to shareholders.

As regards to Turkey's efforts to attain its modernization objective, the Company comes to the forefront with its qualified publishing, the value given to its employees and care for its social responsibilities. The support it gives to social benefit and the consistency of its leading role in this field will guide the objectives, as was in the past.

**19.2.** The vision and mission of the Company are disclosed to public on the corporate website and in the annual report.

**19.3.** The strategic objectives defined by the managers in line with the Company's plans are submitted to the Board of Directors for approval.

**19.4.** Whether the objectives are attained is evaluated during monthly meetings organized by the Board, and detailed reports on the Company's operating results and performance are examined and reviewed.

**19.5.** The Board of Directors and the management continuously review Hürriyet's position in line with its strategic objectives. At regular and frequent Board meetings, the Company reviews its position in the market and devises new targets and strategies responding to changing market conditions.

## 20. Financial Benefits

**20.1.** The Chairman, Vice Chairman and Members of the Board of Directors receive a remuneration to be determined in the General Meeting of Shareholders. Such decision for the remuneration amount is based on the time these individuals shall devote to meetings, the time involved in pre- and post-meeting preparations and in the performance of their respective duties, as well as the CEO's salary. In addition, the attendance fee to be paid to Board Members for each meeting is also determined in the General Meeting of Shareholders.

Whether the Head and Members of a Committee shall receive remuneration, and the amount and terms thereof, if applicable, shall be established by the Board of Directors in the Board resolution pertaining to the formation of the respective committee. In the event that the Head and Members of the Committee are also Chairman or Member of the Board of Directors, the General Meeting of Shareholders shall decide whether these Committee members shall receive any remuneration, and the amount and terms thereof, if applicable.

**20.2.** At the Ordinary General Assembly Meeting held on 30 March 2015, it has been unanimously resolved that the monthly remuneration of the Chairwoman, will be TL 10,000, net, of Kai George Diekmann, Béatrice de Clermont Tonnerre and Çağlar Göğüş TL equivalent of USD 5.000 each and of other Board Members TL 5.000, net.

**20.3.** No loans or credits are extended by the Company to any of its Board Members and executives, either directly or indirectly.



## BOARD OF DIRECTORS ACTIVITY REPORT

### 21. Current Status of the Company Regarding Corporate Governance Principles Compliance

**21.1.** Within the activity period between 01.01.2015 and 31.12.2015, apart from the compulsory principles stipulated in the Corporate Governance Communiqué (n. II-17.1) published by the Capital Markets Board, our company paid utmost attention in order to ensure conformity also with the non-compulsory principles.

**21.2.** Principles that are not implemented, and our evaluations are specified below. There are no conflicts of interest within the Company arising from such issues.

- **Article 1.5.2.** *With the articles of association, minority rights can also be granted to those who possess less than one twentieth of the capital. Making regulation in the articles of association, the scope of the minority rights can be expanded.*

Although there is no special provision regarding minority rights in the Articles of Association of the Company, all articles regarding this issue stipulate compliance with CMB, TTK (Turkish Code of Commerce) and all other legislation and regulations.

- **Article 2.1.3.** *As per the Capital Markets Legislation, financial statements that must be publicly disclosed (except material matters and footnotes) are publicly announced in Turkish and in English (simultaneously) via Public Disclosure Platform. The English version will be consistent with the Turkish version and will be prepared as a summary that will be correct, complete, direct, comprehensible, and sufficient enough for the persons who will make use of the announcement to make a decision.*

As per the relevant legislation, our Company completely fulfills all obligations regarding public announcements on Public Disclosure Platform (KAP). Additionally, there is no practice in "KAP" regarding disclosure of English versions of the financial statements (except material matters and footnotes) that must be publicly announced as per the capital markets legislation. However, depending on the developments in the relevant legislation, public disclosure of English versions of the financial statements (except material matters and footnotes) may be available in the up-coming periods.

- **Article 3.1.2.** *In case of any breach of the stakeholders' rights that are protected under the legislation and agreements, effective and fast compensation will be provided. The Company facilitates using mechanisms like compensation provided to the stakeholders with the relevant legislation. Furthermore, the company creates the compensation policy for its employees and publicly announces it via its corporate website.*

We do not have yet a compensation policy for the Company employees. However, we act in compliance with the provisions of the Labor Law n. 4857 and Press Business Law n. 5953.

- **Article 3.2.1.** *Without disrupting the company activities, models are developed that will support the stakeholders and the company employees, in particular, to participate in the company management. These models, adopted by the company, are included in the internal regulations or Articles of Association of the company.*





In the Company's internal regulations and Article of Association, there is no specific model for supporting stakeholders' participation in the Company management. Company management - established in a manner that will protect the interests of all shareholders - is constituted from among the candidates according to their experience and expertise. Our Company's stakeholders, composed of shareholders, investors, financial institutions and suppliers, reach information regarding our Company via organized meetings, presentations, news shared with press and media, and via our Corporate Website, in compliance with the Capital Markets Legislation, Law, CMB regulations/decisions and Company's Information Policy.

- **Article 4.2.8.** *Losses incurred in the company by the members of the Board of Directors as a result of their faults during their term of office, are insured with a policy that will have a value exceeding the company capital by 25% and this issue is publicly disclosed on the Public Disclosure Platform ("KAP").*

Losses incurred in the company by the members of the Board of Directors as a result of their faults during their term of office, are insured by our Company. Since the insurance value does not exceed 25% of the company capital, this issue was not publicly disclosed on the Public Disclosure Platform. However, depending on the developments in the relevant legislation, the Company may take into consideration the issue of increasing the insurance amount to the level that is equivalent to 25% of the company capital in the next coming periods.

- **Article 4.3.9.** *Company determines a target ratio (not less than 25%) and time for the female members in the Board of Directors and creates a policy in order to reach these targets. The Board of Directors annually evaluates the progress in reaching these targets.*

There are two female members in the Board of Directors of the Company. Among these members, Vuşlat Doğan Sabancı assumes duties as the Chairman of the Board of Directors. In the current situation, the 25% target was exceeded and there is no written policy on this issue.

- **Article 4.5.5.** *Company pays attention that the members of the Board of Directors do not assume tasks in more than one committee.*

In the Company, except the independent members, none of the members of the Board of Directors assume tasks in more than one committee.

- **Article 4.6.5.** *Remunerations and all other benefits granted to the Members of the Board of Directors and the executives with administrative responsibilities are publicly disclosed via annual report. The principle is to make the disclosure on an individual basis.*

Financial rights granted to the Members of the Board of Directors and executives managers are collectively disclosed in the Company's annual report. Due to the fact that the payment is not made to the Members of the Board of Directors (except independent members) regarding their memberships, and that the competition benefits are considered, disclosure is not made on individual basis.



## BOARD OF DIRECTORS ACTIVITY REPORT

### 10. BOARD OF DIRECTOR'S RESOLUTION ON THE APPROVAL OF THE FINANCIAL STATEMENTS, ANNUAL REPORT AND CORPORATE GOVERNANCE REPORT

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

RESOLUTION OF THE BOARD OF DIRECTORS

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<b>Date of resolution</b>	07.03.2016
<b>Resolution no:</b>	2016/05
<b>Attending</b>	Vuslat SABANCI (Chairwoman) Yahya ÜZDİYEN (Vice Chairman) Ahmet TOKSOY (Member) Çağlar GÖĞÜŞ (Executive Member) Ahmet ÖZER (Member) Ahmet Nafı DALMAN (Member) Kai Georg DIEKMANN (Member) Gündüz KÖSEMEN (Independent Member) Béatrice de Clermont TONNERRE (Independent Member)

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This resolution has been signed by the members of the Board of Directors pursuant to Article 390/IV of the Turkish Commercial Code.

It has been decided:

- To approve the attached independently audited comparative Unconsolidated Financial Report for the fiscal 01 January 2015 - 31 December 2015, which was submitted to the Board of Directors upon incorporation of suggested adjustments of, and clearance from, the Audit Committee and relevant executives, which was drawn up in accordance with the Turkish Accounting Standards and Turkish Financial Reporting Standards published by the Public Oversight, Accounting and Auditing Standards Authority as per the CMB Communiqué II-14.1 on Principles of Financial Reporting in Capital Markets, the presentation principles of which were set out by the CMB Resolution 20/670 dated 07 June 2013 and announced by the CMB Weekly Bulletin no. 2013/19 dated 07 June 2013;
- To approve the attached Annual Report for the fiscal 01 January 2015 - 31 December 2015, which was submitted for its approval to the Board of Directors upon incorporation of suggested adjustments of, and clearance from, the Corporate Governance Committee and relevant executives, which was drawn up in accordance with the Turkish Commercial Code, the Regulation on the Determination of the Minimum Content of Companies' Annual Reports published by the Ministry of Customs and Trade, and the CMB Communiqué II-14.1 on Principles of Financial Reporting in Capital Markets, and which was independently audited with respect to its conformity to the financial statements and the notes thereto;



- To approve the attached Corporate Governance Principles Compliance Report for the fiscal 01 January 2015 - 31 December 2015, which is incorporated in the Annual Report, which was drawn up in accordance with the CMB's Corporate Governance Communiqué II-17.1, the presentation principles of which were determined as per the CMB Resolution 2/35 dated 27 January 2014 and announced by the CMB Weekly Bulletin 2014/02 dated 27 January 2014.

Vuslat SABANCI  
Chairwoman

Yahya ÜZDİYEN  
Vice Chairman

Çağlar GÖĞÜŞ  
Executive Member

Ahmet ÖZER  
Member

Ahmet TOKSOY  
Member

Ahmet Nafi DALMAN  
Member

Kai Georg DIEKMANN  
Member

Gündüz KÖSEMEN  
Independent Member

Béatrice de Clermont TONNERRE  
Independent Member



## BOARD OF DIRECTORS ACTIVITY REPORT

### 11. CORPORATE GOVERNANCE COMMITTEE RESOLUTION

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CORPORATE GOVERNANCE COMMITTEE DECISION

DATE: 04 MARCH 2016

RE.: Annual Report and Corporate Governance Compliance Report for the Fiscal 01 January 2015 - 31 December 2015

Upon obtaining the opinions of the executives who are responsible for the preparation of the Company's Annual Report, we have examined the Annual Report for the fiscal 01 January 2015 - 31 December 2015, which was drawn up in accordance with the Turkish Commercial Code ("TCC"), Regulation on the Determination of the Minimum Content of Companies' Annual Reports published by the Ministry of Customs and Trade ("the Ministry"), and the Capital Markets Board of Turkey ("CMB") Communiqué II-14.1 on Principles of Financial Reporting in Capital Markets, and which was independently audited with respect to its conformity to the financial statements and the notes thereto; and we have also examined the Corporate Governance Committee Report for the period 01 January 2015 - 31 December 2015 incorporated in the Annual Report, which was drawn up in accordance with the CMB's Corporate Governance Communiqué II-17.1, the presentation principles of which were determined as per the CMB Resolution 2/35 dated 27 January 2014 and announced by the CMB Weekly Bulletin 2014/02 dated 27 January 2014. To the extent of our knowledge and the information provided to us, our opinion regarding the said Annual Report has been submitted to the executives who are responsible for the preparation of the Annual Report and it has been concluded that the said Annual Report presents a true view of the Company's operating results, that it does not contain any material omissions that may turn out to be misleading and that it is in conformity with the TCC, as well as the regulations of the Ministry and the CMB.

Gündüz KÖSEMEN

Chairman of the Corporate Governance Committee

Dr. Murat DOĞU

Member of the Corporate Governance Committee

Dr. İnci TARI

Member of the Corporate Governance Committee



## 12. RESOLUTION OF THE AUDIT COMMITTEE

### HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş. RESOLUTION OF THE AUDIT COMMITTEE

**Date :** 04.03.2016

**Subject :** Financial Report on accounting year 1 January - 31 December 2015

The Company's financial report for the accounting year 1 January - 31 December 2015, prepared on a consolidated basis, pursuant to the provisions of the CMB Communiqué II-14.1, in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards, announced by the Public Oversight, Accounting and Auditing Standards Authority, presented in line with the principles set forth in the CMB's decision 20/670 dated 7 June 2013 and announced in the CMB's Weekly Journal numbered 2013/19 dated 7 June 2013, audited independently in compliance with the Turkish Audit Standards, comparative with the financial statements of the previous year was examined taking the opinions of the executives who had responsibility in the preparation of the Annual Report as well.

Being limited to the information we have and that has been provided to us, we have transmitted our opinion on the aforesaid Report to the executives who had responsibility in the preparation of the Company's financial statements; based on this opinion, it has been concluded that the Report accurately reflects the results of the Company's operations and does not contain any major deficiency that would result in these financial statements being misleading and complies with the CMB Regulations.

Gündüz KÖSEMEN  
Chairman of the Audit Committee

Béatrice de CLERMONT TONNERRE  
Member of the Audit Committee



## BOARD OF DIRECTORS ACTIVITY REPORT

### 13. FINANCIAL REPORT AND ANNUAL REPORT STATEMENT OF RESPONSIBILITY

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

BOARD OF DIRECTORS DECISION REGARDING THE APPROVAL OF THE FINANCIAL REPORT AND THE ANNUAL REPORT

DECISION DATE: 07 March 2016

DECISION NUMBER: 2016/05

STATEMENT OF RESPONSIBILITY PURSUANT TO CAPITAL MARKETS BOARD COMMUNIQUÉ SERIAL: II-14.1, SECTION TWO, ARTICLE 9

We have examined the independently audited Consolidated Financial Report of Hürriyet Gazetecilik ve Matbaacılık A.Ş. for the fiscal 01 January 2015 - 31 December 2015, which was drawn up in accordance with the Turkish Accounting Standards and Turkish Financial Reporting Standards published by the Public Oversight, Accounting and Auditing Standards Authority as per the CMB Communiqué II-14.1 on Principles of Financial Reporting in Capital Markets, the presentation principles of which were set out by the CMB Resolution 20/670 dated 07 June 2013 and announced by the CMB Weekly Bulletin no. 2013/19 dated 07 June 2013, and we have also examined the Annual Report for the fiscal 01 January 2015 - 31 December 2015, which was independently audited with respect to its conformity to the financial statements and the notes thereto. Hence, we hereby declare that, to the extent of the information we have obtained in the scope of our duty and responsibility in the organization;

The Financial Report and the Annual Report does not contain any misrepresentation of the facts on major issues or any deficiency that may be construed as misleading as from the date of the disclosure,

The Financial Report, issued in accordance with the applicable financial reporting standards fairly reflects the facts on the assets, liabilities, financial condition and profit and loss of the Company and the Annual Report fairly reflects the development and performance of the business as well as the financial condition, along with the significant risk and uncertainties the Company is exposed to.

Gündüz KÖSEMEN  
Chairman of the Audit Committee

Béatrice de CLERMONT TONNERRE  
Member of the Audit Committee

Ediz Haşmet KÖKYAZICI  
Executive Committee Member  
Finance Director

Dr. İnci TARI  
Investor Relations and Finance Manager



## 14. BOARD OF DIRECTOR'S RESOLUTION ON DIVIDEND DISTRIBUTION AND DIVIDEND DISTRIBUTION TABLE

### HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

#### RESOLUTION OF THE BOARD OF DIRECTORS

<b>Date of resolution</b>	07.03.2016
<b>Resolution no:</b>	2016/06
<b>Attending</b>	Vuslat SABANCI (Chairwoman) Yahya ÜZDİYEN (Vice Chairman) Ahmet TOKSOY (Member) Çağlar GÖĞÜŞ (Executive Member) Ahmet ÖZER (Member) Ahmet Nafi DALMAN (Member) Kai Georg DIEKMANN (Member) Gündüz KÖSEMEN (Independent Member) Béatrice de Clermont TONNERRE (Independent Member)

As a result of the discussions held;

This resolution has been signed by the members of the Board of Directors pursuant to Article 390/IV of the Turkish Commercial Code.

In view of the provisions of the Turkish Commercial Code ("TCC"), Capital Market legislation and Capital Markets Board of Turkey ("CMB") regulations, Corporate Tax, Income Tax and other applicable legislation, as well as the relevant provisions of the Company's Articles of Association and the publicly disclosed "Dividend Policy"; it has been unanimously resolved that:

- the shareholders be informed that no dividends shall be distributed in relation to the fiscal 01 January 2015 - 31 December 2015 as per the CMB rules regarding distribution of profit and that the same be laid down for approval in the General Meeting of Shareholders, since a "Period Loss" of TL 374,106,987 is calculated after adding "Prior Year Losses" of TL 344,471,730 as calculated according to the Dividend Guide published in the CMB Weekly Bulletin 2014/2 dated 27 January 2014 and "donations" made in 2015 in the amount of TL 863,858 to the "Net Loss for the Period" in the amount of TL 30,499,114, which arises when "Deferred Tax Income", "Tax Expenses for the Period" and "Non-Controlling Interests" are taken into account together, based on the independently audited consolidated financial statements for the fiscal 01 January 2015 - 31 December 2015 which were drawn up in accordance with the Turkish Accounting Standards ("TAS") and the Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") under the provisions of the CMB Communiqué (II-14-1) on Principles of Financial Reporting in Capital Markets, and the presentation principles of which were set forth by the CMB's related resolutions,



## BOARD OF DIRECTORS ACTIVITY REPORT

- it be laid for approval in the General Meeting of Shareholders that "Profit for the Period" in the amount of TL 32,147,070 be set off from "Prior Year Losses", after setting aside "Tax Expense for the Period" in the amount of TL 9,846,455 from "Net Profit for the Period" for the fiscal 01 January 2015 - 31 December 2015 of TL 41,993,525 that descends in our financial records for the fiscal 01 January 2015 - 31 December 2015 that are maintained under the Tax Legislation and in accordance with the Uniform Chart of Accounts published by the Turkish Ministry of Finance less

Vuslat SABANCI  
Chairwoman

Yahya ÜZDİYEN  
Vice Chairman

Çağlar GÖĞÜŞ  
Executive Member

Ahmet ÖZER  
Member

Ahmet TOKSOY  
Member

Ahmet Nafi DALMAN  
Member

Kai Georg DIEKMANN  
Member

Gündüz KÖSEMEN  
Independent Member

Béatrice de Clermont TONNERRE  
Independent Member





#### 14. APP. 1: PROFIT DISTRIBUTION TABLE

Hürriyet Gazetecilik ve Matbaacılık A.Ş.  
PROFIT DISTRIBUTION TABLE 2015 (TL)

1	Issued capital		552,000,000
2	Total legal reserves (acc. to legal records)		39,284,096
Information on privilege in dividend distribution, if there is any privilege pursuant to the Articles of Incorporation			
			-
		<b>According to CMB</b>	<b>According to legal records</b>
3	Profit/loss for the period (+)/(-) <sup>(2)</sup>	-54,453,971	41,993,525
4	Taxes (+/-) <sup>(3)</sup>	5,853,326	-9,846,455
	Non-controlling shares (-)	-18,101,531	0
5	Net Loss for the period (=)	-30,499,114	32,147,070
6	Previous years' losses (-) <sup>(4)</sup>	-344,471,730	-39,451,342
7	General legal reserves (-)	0	0
8	NET DISTRIBUTABLE PROFIT/LOSS FOR THE PERIOD	-374,970,844	-7,304,272
9	Donations made during the year (+)	863,858	
10	Net distributable profit/loss for the profit including donations <sup>(5)</sup>	-374,106,987	
11	First dividend to shareholders	0	
	- Cash	0	
	- Bonus	0	
	- Total	0	
12	Dividend distributed to privileged shareholders	0	
13	Other dividend distributed	0	
	- to members of Board of Directors	0	
	- to employees	0	
	- to non-shareholders	0	
14	Dividend distributed to holders of dividend-right shares	0	
15	Second dividend to shareholders	0	
16	General legal reserves	0	
17	Statutory reserves	0	0
18	Special reserves	0	0
19	EXTRAORDINARY RESERVES	0	0
20	Other sources for distribution	0	0