



Corporate Governance Compliance Rating Report

Darüssafaka
1863 **SOCIETY**

Darüşşafaka Society

29 December 2021

Validity Period 29.12.2021-29.12.2022

LIMITATIONS

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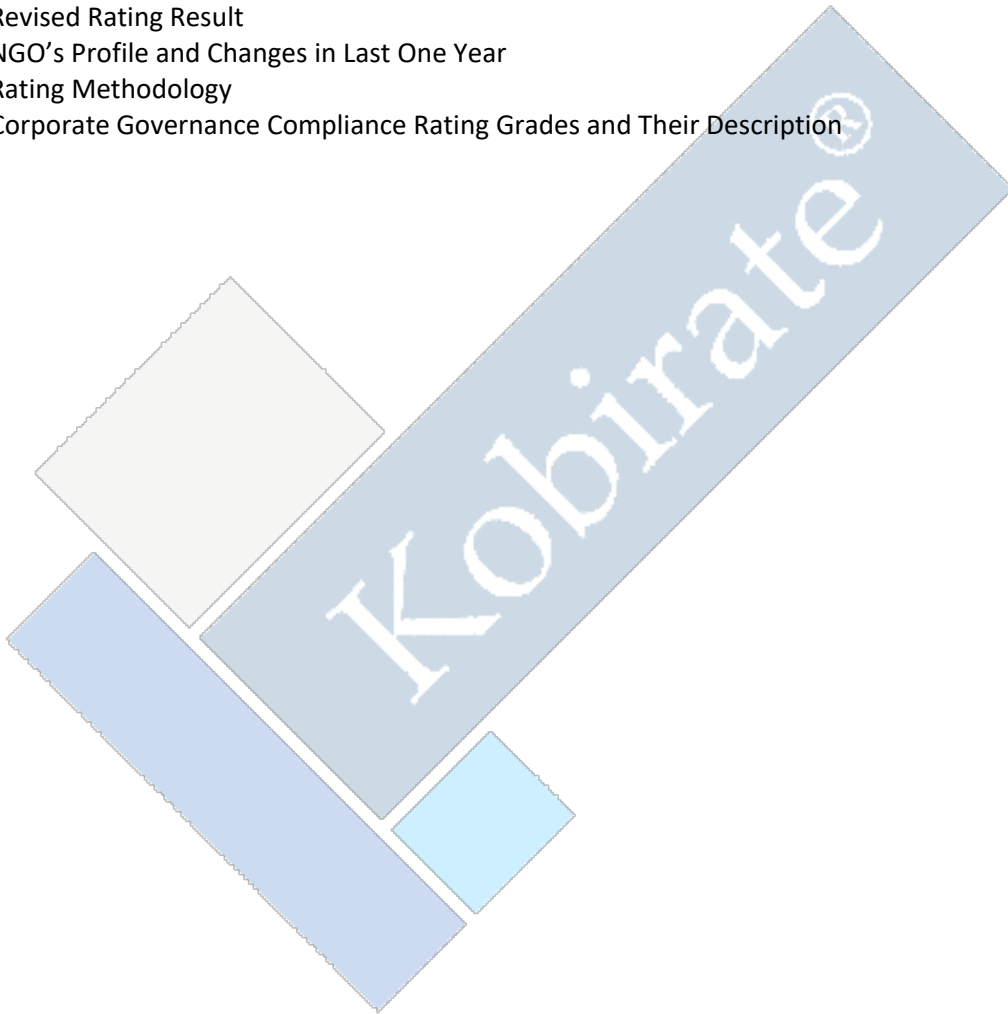
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DARÜŞŞAFAKA CEMİYETİ

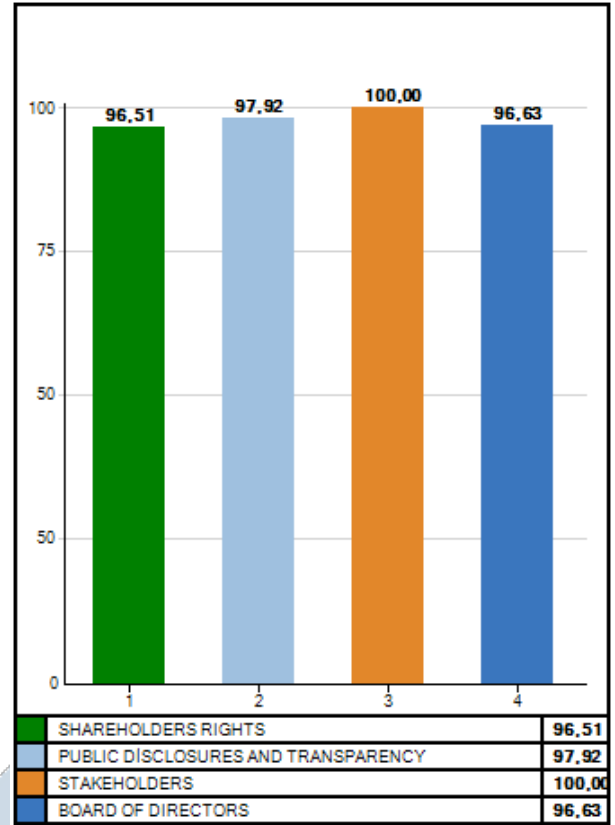
CMB CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE GRADE

9.74

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1. REVISED RATING RESULT

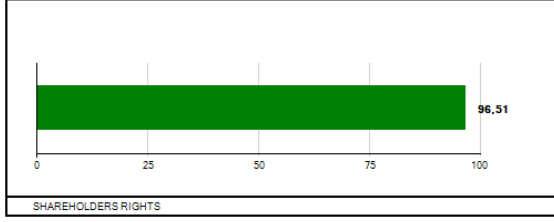
This report of rating of compliance of Darüşşafaka Society with the Corporate Governance Principles has been concluded through onsite examinations of the documents, interviews held with executives and persons involved, disclosed information and of other reviews and observations. It has been prepared in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.Ş., based on CMB's Corporate Governance Principles directive no II-17,1 published by Official Gazette no 28871, dated January 3, 2014.

The NGO has been examined under the main categories of Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors, in 302 criteria described by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.'s methodology for

"Non-Governmental Organizations. Its grade has been revised as **9.74**.

This result signifies that Darüşşafaka Society has achieved a considerable compliance with the CMB's Corporate Governance Principles; that awareness and culture of responsibility for its members, donators, beneficiaries and all other stakeholders is embedded within the Society; that public disclosure and transparency activities are at the highest level; that internal control mechanisms are formed and put into effect and that structure and work principles of the Board of Directors covers Corporate Governance principles.

▪ In the section of shareholders Darüşşafaka's grade has been confirmed as **96.51**.



Onsite examinations of the documents and interviews held with officials reveal that corporate governance principles are internalized by the Society, and this reflects on the fact that it allows execution of all rights of stakeholders.

Relations with members are managed by Tevfik SÖZBİR at Darüşşafaka. It is our impression that he has sufficient knowledge and experience to carry out his duties and plays an efficient role protecting members' rights, starting with obtaining and examining information. Membership registration book is controlled by him and it has been seen that records are regular and updated.

All current information that might affect execution of membership rights is accessible for the members on the Society's website. "Disclosure Policy", which has been approved by the Board of Directors, is published on the Society's website. Members' right to obtain information is described in detail in this policy. Right to obtain and examine information has been extended to include beneficiaries, donators and all segments of society, as well as members.

General Assembly meetings of societies and associations have been postponed five times since 16.03.2020 by Directorate for Relations with NGOs of the Interior Ministry because of COVID-19 pandemic. With the latest communiqué issued by the Directorate on 27.11.2020, it was stated that all general assembly meetings were postponed until 28.02.2021 and that general assembly meetings of societies and associations were to be held within 30 days after 28.02.2021.

27.03.2021 has been chosen as the date for general assembly meeting to discuss activities

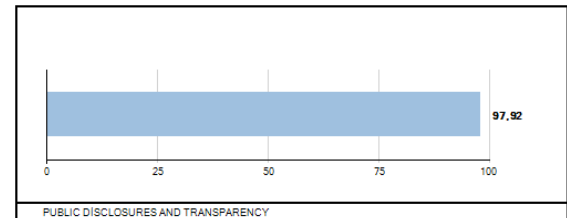
of 2019 and 2020 and it was duly announced. The meeting postponed to 03.04.2021 due to low attendance. Because of pandemic conditions and lockdowns, the meeting took place on 19.06.2021.

Invitation for the meeting was done through a national newspaper and Society's website. Invitation, meeting agenda and relevant appendixes have also been sent to all members.

Article 18 of Society's Charter states that all members who paid their dues before the end of previous year and don't have any debts to the Society can attend the general assembly meeting. Within the framework of this article, 178 members out of 462 who didn't owe any dues to the Society as of 31.12.2020, have attended to the meeting. According to Article 26 of Society's Charter, each member has right for one vote and must execute this right by personally attending the meeting within the framework of relevant laws, regulations, and its Charter.

After examination of documents and minutes of meeting it has been understood that the members were sufficiently briefed about the agenda before the meeting; all members were given the right to address the meeting during discussion of agenda items and it was made possible to discuss subjects in all aspects.

- Society's grade in the section of Public Disclosure and Transparency has been revised as **97.92**.



The Society has prepared its Disclosure Policy and disclosed it to the public. Disclosure Policy was presented to the attendees at the general assembly meeting on 06.04.2019 as the 11th item of the agenda.

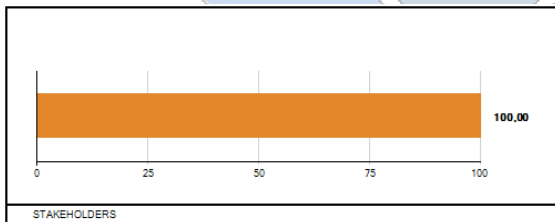
Its website contains current information on Society's activities, referred by the principles and may be needed by members, donators and beneficiaries

Annual reports contain comprehensive information on Society's activities and relevant to all stakeholders. 2020 annual report has been prepared according to basic concepts and principles within the scope of International Integrated Reporting Framework, prepared by IIRC. It is the main reason for grade increase in this section.

Society's financial position was independently audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in 2020 There were no negative opinions in the report. The officials told us that there have been no developments in relation to the independent audit company and its auditors that might harm the independence and there have been no legal disputes.

Financial audit and reporting for 2021 will be carried out by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. with recommendation of the Audit Committee and approval of the Board of Directors.

▪ Darüşşafaka Society's grade has been revised as **100.00** in the section of stakeholders.



Infrastructure for ERP (Enterprise Resource Planning) system was set up, work for Quality Management System was completed and ISO 9001:2015 Quality Management System certificate was received in 2021. ISO 27001:2013 Information Security Management System document was also received. These developments are the main reason for the grade increase in section. With

its policies for stakeholders, Darüşşafaka Society has achieved full compliance with the principles.

In the subject of training and development, which is one of the most important issues for human resources, the Society planned training programs in three main categories in 2020, including professional, legal and personal development. Work on building an infrastructure to carry this function into a digital platform was completed in 2021. A total of 3,347 hours training was provided in different categories in 2020. If one takes number of employees into account, 4.9 hours training per person was given.

Performance evaluation system within the context of management with strategic targets was put into implementation in 2020, based on target and talent. This policy enabled the Company to collect quality data on training needs, promotion and career management, as well as to improve employee's performance and support it with feedback.

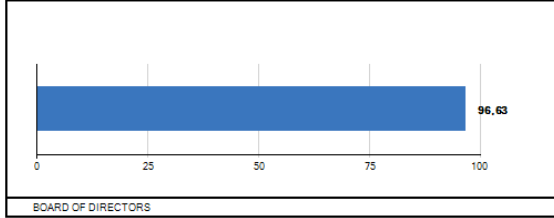
As remote work practices increased because of the pandemic, frequent online meetings have been planned for top management.

Employee Satisfaction Poll was conducted in December 2020 and its results were shared with both the management and employees in 2021.

There is a comprehensive and binding ethics code and it was introduced to the management and employees to act pursuant to this code. It has been learned that "Compliance with Ethical Principles and Values Seminary" was organized again in 2021. Board members sign declarations, which confirm that they are aware of the conflict of interest policy and describe conflicts that they might be involved or they have already been involved. Employees also sign a document, – at their recruitment - which states that they have read ethical principles and conflict of interest policy and understood it. This document is kept in employee's personal file. Ethical Principles and Rules Regulation was presented to the General

Assembly meeting on 31.03.2018 as 11th item of the agenda.

- At the section of Board of Directors, Darüşşafaka's grade has been confirmed as **96.63**.



This grade shows that the Society has achieved very good compliance with CMB's Corporate Governance Principles.

It has been understood that the Board of Directors has defined strategic targets to achieve the goals stated in the Society's Charter. The goal of the Society is presented in an open, informative and motivating fashion to various stakeholders including members, beneficiaries, donators, volunteers, employees, media and all segments of society. Internal control mechanism has been established and run effectively.

Due to the Charter, Board of Directors comprises 15 (fifteen) members and 5 (five) substitute members and it is elected by the General Assembly with secret ballot. Number of Board members is sufficient for the members to do their job productively and constructively and to set up commissions (committees) and organize their activities effectively. Article 29 of the Charter states: "Every year elections are held for one third of Board Members in accordance with Article 27 and a member whose term ends can be re-elected." Due to this article, one third of the Board is elected every year.

Each Board Member has right to cast one vote and no Board Member has a right to veto.

There is no Secretary General as of the date of this report. However, previously the posts of Chairman of the Board and Secretary General were held by separate individuals.

Board of Directors held 35 (thirty-five) meetings and took 64 (sixty-four) decisions in 2020. It held 38 (thirty-eight) meetings and took 63 (sixty-three) decisions as of November 2021.

It has been seen that audit and corporate governance committees (commissions) have been established as required by the principles and their work principles were prepared in writing. In 2020, Audit Commission held 8 (eight) meetings and made 8 (eight) presentations to the Board. It held 8 (eight) meetings and made 11 (eleven) presentations as of November 2021.

Corporate Governance Commission held 4 (four) meetings and made 2 (two) presentations to the Board. It held 3 (three) meetings and made 5 (five) presentations to the Board as of November 2021.

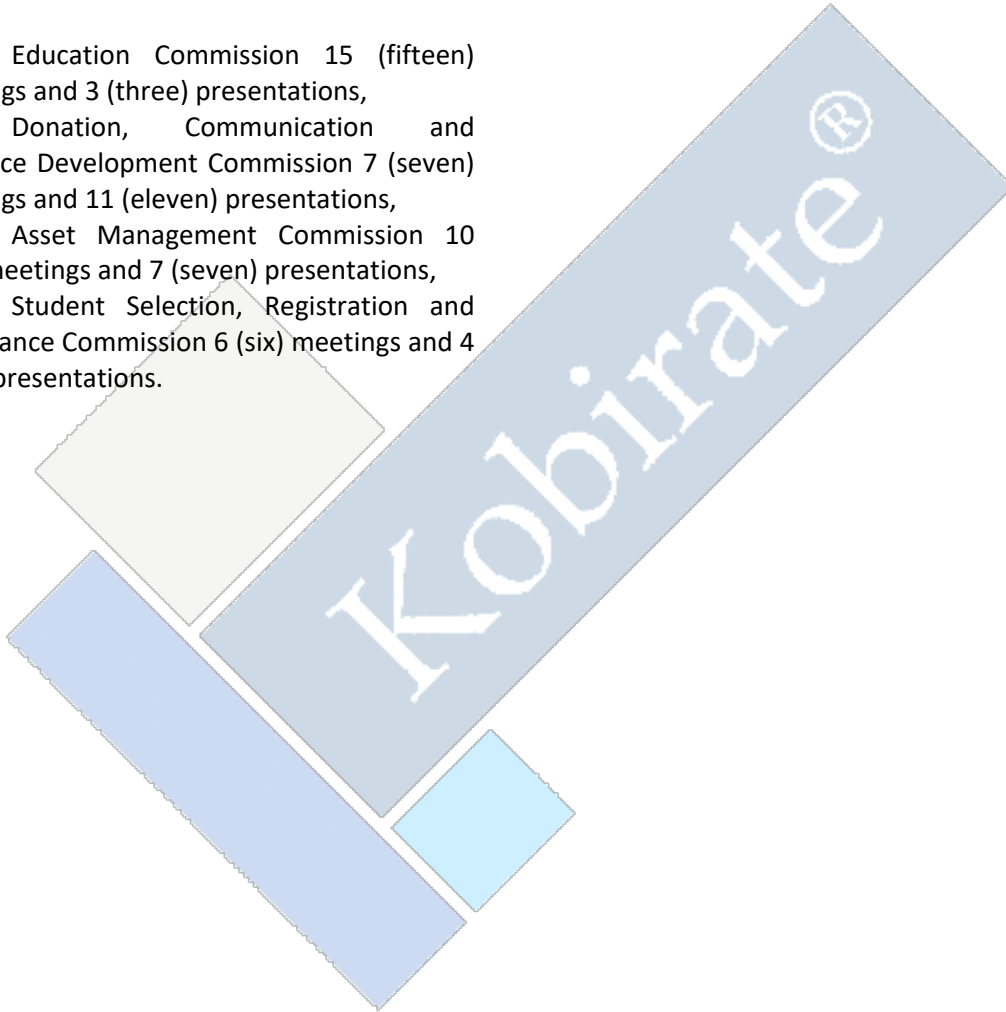
It has been seen that Audit Commission closely monitors activities of Internal Audit Department. Internal Audit Department made 7 (seven) audits in the areas determined by Darüşşafaka Society 2021 Internal Audit Plan Based on Risk, which was approved by the Board. In the same period, Internal Audit Department presented 9 (nine) reports to the Audit Commission and 4 (four) report to the Board. It has also been learned that the Commission had an active role in the selection of Independent Audit company, closely worked with it during the audit process and assessed the audit report with a meeting held after the audit is completed.

During the rating period, Corporate Governance Commission worked to assess developments over the risk factors determined at previous workshops. "Early Detection of Risk Committee" was also founded as a sub-committee of Corporate Governance Commission with the Board decision No 04.02.2020/04 to determine the risks that threatens or might threaten the Society and to carry out risk management. The Committee held 1 (one) meeting in 2020 and 5 (five) meetings as of November 2021.

Corporate Governance Commission gauged Darüşşafaka Board's performance in corporate governance for 2020 and presented the results to the Board and relevant parties in February 2021.

In addition to these two main commissions, 4 (four) more commissions and specialty committees have also been established to help efficient and dynamic management of the Society. Commissions and the number of their meetings and presentations to the Board during the rating period can be found below:

- Education Commission 15 (fifteen) meetings and 3 (three) presentations,
- Donation, Communication and Resource Development Commission 7 (seven) meetings and 11 (eleven) presentations,
- Asset Management Commission 10 (ten) meetings and 7 (seven) presentations,
- Student Selection, Registration and Acceptance Commission 6 (six) meetings and 4 (four) presentations.



2. NGO'S PROFILE



NGO's Name : Darüßsafaka Cemiyeti
NGO's Address : Darüßsafaka Mah. Darüßsafaka Cad. No:5/9 34457 Maslak
Sarıyer/İSTANBUL
NGO's Phone : (0212) 939 2800
NGO's Fax : (0212) 276 5011
NGO's Website : www.darussafaka.org
Date of NGO's Foundation : 1863
Province of NGO's Head Office : Istanbul
NGO's Field of Activities : Education

NGO Representative for Rating:

Burçak KARAKAYA

Assistant Secretary General

burcak.karakaya@darussafaka.org

(0212) 939 2811

MANAGEMENT BOARDS AND COMISSIONS AS OF REPORT DATE
(2021-2022)

Darüŝsafaka Society Board of Directors

Name/ Surname	Title
M. Tayfun Öktem (Dŝ'82)	Chairman of Board of Directors
Erman Süsler (Dŝ'75)	Deputy Chairman of Board of Directors
Zeynep Necipođlu	Deputy Chairman of Board of Directors
Ođuz Güleç (Dŝ'72)	Deputy Chairman of Board of Directors
Cem Őipal (Dŝ'82)	Treasurer Member
Mustafa U. Demirci (Dŝ'71)	Member of Board of Directors
Mehmet Erktin	Member of Board of Directors
Prof. Dr. Esra Ekmekçi Çalıciođlu	Member of Board of Directors
Celalettin Çađlar (Dŝ'69)	Member of Board of Directors
Z. Ceylan Adanalı Kabadayıođlu	Member of Board of Directors
Haldun Boz (Dŝ'77)	Member of Board of Directors
F. Cemre Karaođlan (Dŝ'2012)	Member of Board of Directors
Dr. Serpil Durak Tunçer (Dŝ'79)	Member of Board of Directors
Prof.Dr. Feryal Çelikel	Member of Board of Directors
P. Nesrin Bayazıt (Dŝ'79)	Member of Board of Directors
Ő. Binnur Karademir	Substitute Member of Board of Directors
Müge Ören	Substitute Member of Board of Directors
Atilla Benli (Dŝ'87)	Substitute Member of Board of Directors
Necla Özel (Dŝ'95)	Substitute Member of Board of Directors
Ahmet D. Erelçin	Substitute Member of Board of Directors

Darüŝsafaka Society Supervisory Board
(2021-2024)

Name/ Surname	Title
A.Kamil Uzun	Chairman of Supervisory Board
Zafer Boztuna (Dŝ'77)	Member of of Supervisory Board
Vedat Bayrak (Dŝ'74)	Member of of Supervisory Board
Süleyman Morbel (Dŝ'90)	Substitute Member of of Supervisory Board
M. İsmail Özsürücü (Dŝ'69)	Substitute Member of of Supervisory Board
A. Engin Ergüden	Substitute Member of of Supervisory Board

**Darüşşafaka Society Disciplinary Board
(2021-2024)**

Name/ Surname	Title
Mithat Günay Yazgıç (DŞ'58)	Member of Disciplinary Board
Halit Yurdal Tilki (DŞ'59)	Member of Disciplinary Board
Ergün Bankoğlu (DŞ'59)	Member of Disciplinary Board
Davut Ökütçü (DŞ'65)	Member of Disciplinary Board
Prof.Dr. Lütfü Telci	Member of Disciplinary Board

Executives of Darüşşafaka Society and Affiliated Institutions

Name/ Surname	Title
Av. Dr. İnci Ercan	Chief Legal Consultant
Burçak Karakaya	Ass. Sec. Gen for Comm., New Bus., Donat. Relations
Özlem Aslan	Operation and Financial Affairs Ass. Sec. Gen
Levent Çolakoğlu	Facility Services Ass. Sec. Gen
Ebru Arpacı	DEK General Manager
Nilüfer Kavaklı	DEK High School Principal
Şule Uyar	DEK Secondary School Principal
Muhammet Erken	DEK Living Space Manager
Dr. Can Bostancı	Chief Phys. & Maltepe Special Care Unit Manager
Burak Uluaydın	Ec. Ent. Gen. Man. & Maltepe Residence Manager
İ. Enez Aslan	Yakacık Residence Institution Manager
Zeynep Ellidokuz	Şenesenevler Residence Institution Manager
Neval Erkmek	Urla Residence Institution Manager& Urla Gr. Man.
Dr. Hakkı KAN	Urla Life Institution Manager
Nilgün Eken	Donation & Donator Relations Director
Evrin Erbilin	New Business Director
Lale İlalan	Corporate Communications Manager
H. Boğaçhan Akyar	HR & Internal Communication Department Manager
Burcu E. Dönmez	Internal Communication Manager
Ersin Tuban	Information Technologies & Projects Dep. Man.
Y. Cenk Erdem	Purchasing & Depot Inventory Man. Dep. Man.
Levent Üzümcüoğlu	Property Unit Director
Yasin Kaya	Financial Affairs Unit Director
Mehmet Obuz	Budget and Financial Reporting Director
Ömer S. Şahin	Security and Civil Defense Director
Öznur Tekebaş	Support Services Director
Mehmet Eken	Depot Inventory Director
Ö. Kubilay Karaman	Information Technologies Director
D. Yusuf Demirci	IT Projects Unit Director
Erdem Kocaman	Central Technical Services Unit Director
Selim Bayram	Maltepe Facility Services Director
M. Kadir Düzkeya	Urla Facility Services Director

BOARD OF DIRECTORS COMMISSIONS (COMMITTEES)

Audit Commission

Oğuz Güleç (Chairman)
Cem Şipal
Celalettin Çağlar
Haldun Boz
Atilla Benli
Bülent Topbaş
M. Hakan Tahiroğlu
Beşir Özmen.

Corporate Governance Commission

Prof. Dr. Esra Ekmekçi Çalıcıoğlu (Chairperson)
Oğuz Güleç
Zeynep Necipoğlu
Cem Şipal
Celalettin Çağlar
Ahmet D. Erelçin
Haldun Boz
P. Nesrin Bayazıt
Binnur Karademir
Atilla Benli
Sevhan Gök Kahya

Early Detection of Risk Committee

Oğuz Güleç (Chairman)
Cem Şipal
Zeynep Necipoğlu
Prof. Dr. Esra Ekmekçi Çalıcıoğlu
Ahmet D. Erelçin
Necla Özel

Donation Communication and Resource Development Commission

Zeynep Necipoğlu (Chairperson)
Prof. Dr. Esra Ekmekçi Çalıcıoğlu
P. Nesrin Bayazıt
Ş. Binnur Karademir
Beşir Özmen
M. Hakan Tahiroğlu
Pelin Kabalak
Müjde Süme
Demet Akman
Arban Çitak
Şule Y. Özatay
Melek Eyigünlü

Asset Management Commission

Mehmet Erkin (Chairman)
Cem Şipal
Oğuz Güleç
Ahmet D. Erelçin
Celalettin Çağlar
Atilla Benli
Bülent Topbaş
M. Hakan Tahiroğlu
Murat Ergin
Burak Çetinçeker

Student Selection, Registration and Acceptance Commission

Mustafa U. Demirci (Chairman)
Erman Süssler
Davut Ökütçü
Z. Ceylan Kabadayıoğlu
Serpil Durak Tunçer
Zeynep Necipoğlu
Prof. Dr. Esra Ekmekçi Çalıcıoğlu
Ahmet D. Erelçin
P. Nesrin Bayazıt
Necla Özel
Beşir Özmen
M. Hakan Tahiroğlu
Betül Oran Akan
Müjde Süme
Büşra Giray
Representative of T. İş Bankası

Education Commission

Erman Süssler (Chairman)
Oğuz Güleç
Mustafa U. Demirci
Z. Ceylan Kabadayıoğlu
Serpil Durak Tunçer
Feryal Çam Çelikel
Ş. Binnur Karademir
Müge Ören
Betül O. Akan
Ecmel Ayrıl
Representative of T. İş Bankası

**Residence, Health and Economic Enterprises Committee
(Specialty Committee)**

Erman Süsler (Chairman)
Zeynep Necipoğlu
F. Cemre Karaoğlu
M. Hakan Tahiroğlu
Serpil Durak Tunçer
Feryal Çam Çelikel
Müge Ören
Necla Özel

Darüşşafaka's Culture and History Commission

Serpil Durak Tunçer (Chairman)
Z. Ceylan Kabadayıoğlu
Beşir Özmen

Digital Transformation Commission

Z. Ceylan Adanalı Kabadayıoğlu (Chairman)
Ahmet D. Erelçin
Zeynep Necipoğlu
M. Hakan Tahiroğlu
Bekir Kara

**Member Scrutiny Committee
(Specialty Committee)**

Mustafa U. Demirci (Chairman)
Oğuz Güleç
Mehmet Erktin
Esra Ekmekçi Çalçıoğlu
Necla Özel

**Scholarship Committee
(Specialty Committee)**

Mustafa U. Demirci (Chairman)
Oğuz Güleç
Erman Süsler
F. Cemre Karaoğlu
M. Hakan Tahiroğlu

**Allowance and Travel Assistance Committee
(Specialty Committee)**

Mustafa U. Demirci (Chairman)
Oğuz Güleç
Erman Süsler
F. Cemre Karaoğlu
M. Hakan Tahiroğlu

Comparison of Consolidated Financial Position Statements of Darüşşafaka Society on Certain Selected Items for 12th Months of the Last Two Years

(TL)	2019/12	2020/12	Change %
Total Current Assets	165.112.945	338.324.142	104,90
Total Fixed Assets	1.165.566.839	1.197.935.924	2,78
Total Assets	1.330.679.784	1.536.260.066	15,45
Total Short-Term Liabilities	38.364.979	39.650.707	3,35
Total Long-Term Liabilities	73.093.013	80.838.446	10,60
Total Net Assets	1.219.221.792	1.415.770.913	16,12

Source: Darüşşafaka Society 2020 Independent Audit Report

(TL)	2019/12	2020/12	Change %
Operational Net Revenue	92.129.753	166.159.087	80,35
Net Revenue Before Financial Incomes and Expenses	93.616.123	173.708.836	85,55
Operational Result before Tax	107.232.035	195.346.402	82,17
Net Operational Result	106.729.814	195.344.546	83,03

Source: Darüşşafaka Society 2020 Independent Audit Report

NGO's Short History

“Cemiyet-i Tedrisiyye-i İslamiye”, a society aiming to provide Islamic education, was established on 30 March 1863, upon an imperial order of the Sultan, by Yusuf Ziya Pasha, Gazi Ahmed Muhtar Pasha, Vidinli Tevfik Pasha, Sakızlı Ahmet Pasha, and Ali Naki Effendi. The purpose was to support education of needy and orphaned children. The society, whose members comprised of many Ottoman pashas and intellectuals, constituted the very first non-governmental organization of Turkey in the field of education.

Construction of a new school building designed by the Italian architect Barironi and blueprinted by the chief architect of Dolmabahçe Palace, Ohannes Balyan, began on a plot purchased by help of a donation from Sultan Abdülaziz in 1868. This large school building, embodying facilities ahead of the time, was the first one to provide co-education.

The Charter of the Society, dated 25 March 1872, stated clearly that the Society would attach great importance to love of nation and national dedication, and so its members would comprise of people, who have internalized these concepts. The Charter also specified, that the school would provide education to children not older than 10 years, that all the expenses of those children would be covered by the Society, that both an administrative and an educational board would be established, and that a headmaster and a headmistress would be appointed (It was no earlier than 1965, when Nazıma Antel – who was the headmistress between 1965 -73 - was appointed, that the school had a headmistress, and the admission of first female students was in 1971).

Darüşşafakat'ül İslamiye, as a feeless boarding school designated with special status, started its first academic term on 29 June 1873, with its 54 students, along with a first lecture given by Captain Mustafa Efendi. The curriculum comprised the syllabi of primary, secondary, and high schools, and was

more qualified than the one prepared by the Ministry of Education. The syllabus for the last 2 of the 8 years in the school, was prepared in accordance with the program of the Academy, which was the reason Darüşşafaka graduates were deemed as Academy graduates until the year 1894. In addition, the senior class of Darüşşafaka was called "Telegram-Science School", Darüşşafaka was known as a telegram-science school between 1873 and 1894.

Darüşşafaka celebrated its first graduates in 1881, 8 students, who were then employed by the Ministry of Post and Telegram, with the help of the Minister İzzet Effendi. At that time, 125 students were studying at Darüşşafaka.

Until this date, there had been no high schools in the country other than Darüşşafaka, Galatasaray, and the military high schools. Many intellectuals of the time (including poet Namık Kemal, state chronicler Abdurrahman Şeref Bey, Manyasizade Mustafa Refik Bey, Babanzade Naim Bey, composer Zekai Efendi, Ahmet Mithat Effendi, painter Agah Effendi, Selim Sırrı Tarcan, poet Yahya Kemal Beyatlı, historian Yusuf Akçura, Tahir Olgun, and painter Ali Rıza Hoca) served as voluntary instructors in Darüşşafaka, during the 1880s, and until the mid-1990s. Additionally, lots of important artists, scientists and scholars were Darüşşafaka graduates (such as mathematicians Salih Zeki and Mehmet İzzet, financier Hasan Ferit, journalist Ahmet Rasim, author İsmail Safa, historian Osman Nuri Ergin, educator Ali Kami Akyüz, who later served as the headmaster of Darüşşafaka between 1920 and 1940, and painter Mahmut Cûda), and most of them later served as teachers in Darüşşafaka for many years.

The members of the Society were facing ever-increasing difficulties coming together, as holding meetings of any kind was banned in 1888. The school was in financial difficulty, therefore, Abdülhamit II, took Darüşşafaka under his protection. The state then initiated the practice for each company, which has been granted privileges, to provide financial support to Darüşşafaka, and so this practice ended the financial difficulty.

Due to a resistance movement arising among students, the Ottoman Empire seized control of the school, and eventually, the administration of the school was attached to the Ministry of Education in 1903. Consequently, it put an end to the situated practice of intellectuals volunteering as instructors, and Cemiyet-i Tedriye-i İslamiye (Ottoman Association of Education) disbanded. Newly turned into a public school, Darüşşafaka deviated from its original purpose. Some of the notables' children, and some children who actually had parents were accepted to the school as well, and it continued as such until the period of second constitution.

With the proclamation of the second constitutional monarchy, former members of the Society and Darüşşafaka graduates came together to form an alumni association, with the aim to sustain the School. The members of the Cemiyet-i Tedriye-i İslamiye, along with the famous politicians of the time, came together in 1909 under the chairmanship of the Grand Vizier, and the Society began to work again.

First thing to do, was to apply to the Ministry of Education for taking over the School's administration back, and their request was met the same year.

After declaration of Republic, The Law on Unification of Education was passed in 1924. It aimed to unify and secularize the education system. It also put an emphasis on the concept of Turkish nationality. The Board of the Society decided they would make significant amendments in accordance with this Law, so the School became a full-time private high school, and followed curriculum of the public schools. Those amendments were accepted by the Ministry of Education; thus, Istanbul University and other universities began admitting Darüşşafaka graduates along with graduates of

public high schools without an examination. Thereafter, the School was called “Darüşşafaka High School”.

With the purpose of training primary school teachers, a separate “teachers’ class”, at the level of the senior class of the Teaching Schools, was opened in 1927. The first group graduated in 1929, but the class was closed in 1930, upon the request of the Ministry.

Until 1931 the school had only science classes, as the graduates had mostly chosen to study on the fields of science in the university. The literature class was opened in 1931.

The Society changed its name as “Turkish Teaching Institution” in 1935. In 1939, 83 children, who went through the Erzincan earthquake and who fulfilled the conditions to study at Darüşşafaka, were admitted to the school, and Isbank undertook all expenses of those children. This exemplary behavior of Darüşşafaka was found applaudable.

Until 1940, Darüşşafaka students, as the students of public high schools, had the right to repeat a year, but the Society decided it would be best to put an end to this practice, so that more qualified students, with the awareness of how much money and time were invested in their education, could be raised. Starting in 1940, those students who failed in their class were thrown out.

Prime Ministers holding office during the 40s (Recep Peker who was also a member of the Society, Hasan Saka, and Şemseddin Günaltay) were closely interested in the school. They focused mainly on the acceptance of female students to the school, and their governments supported Darüşşafaka.

In 1945, Darüşşafaka started providing English courses in addition to French courses.

Atabinen student dormitory in Fatih was opened for Darüşşafaka graduates studying at university in 1949.

In the season 1950-1951, Darüşşafaka High School Basketball Team became champion among the high schools in Istanbul. Therefore, Darüşşafaka Sports Club started to offer Basketball in addition to football and volleyball. The amateur Basketball team started playing in the leagues in 1961, won the championship cup several times after that, and even raised successful players for the national team.

The Society adopted the name “Darüşşafaka Society” with a charter amendment in 1953.

Upon the death of poet and writer Sait Faik Abasıyanık, his mother, Makbule Abasıyanık, donated the copyright of his books and some of his assets to Darüşşafaka, as per his wish. She also initiated the “Sait Faik Story Award” in 1955, to be given each year on his death anniversaries (11 May) to the favorite storybook of the previous year.

The Award, given in cooperation with Yapı Kredi Bank from 2003 to 2011, started to be given in cooperation with Isbank as of 2012.

His house in Burgazada was transformed into a museum by Darüşşafaka in 1964.

The academic year 1955-1956 was significant for Darüşşafaka, in the sense that the school obtained a college status offering education in English. The school introduced a two-year prep class, and science and mathematics courses started to be given in English.

In 1957, Darüşşafaka started to hold its entrance exam in Ankara, İzmir, and Adana, in addition to Istanbul.

In 1958, Investment policies were remarkably modified, to obtain more sustainable sources of income, and secure Darüşşafaka's future. A shopping mall called "Darüşşafaka Complex" (in Halaskargazi Street in Şişli) was constructed in line with this purpose and was put into service by Prime Minister Adnan Menderes.

The school began admitting financially disadvantaged students whose fathers are alive too in 1964, however, this practice ended in 1976.

The Board decided to move to co-education in 1969. Darüşşafaka began admitting female students in the academic year 1971-1972.

The renovated five-story school building, with its conference hall, sports hall, modern kitchen, dining hall, laboratories, and lodgings, was put into service by President Cevdet Sunay in 1972.

In 1974, children of soldiers martyred in the Cyprus Peace Operation were accepted to Darüşşafaka with no requirement of examination.

Darüşşafaka celebrated its first female graduates in 1979.

Darüşşafaka Society was exempted from all kinds of tax, fee and other financial obligations with Law no 3685, published in the Official Gazette on 5 December 1990.

In 1992, it was decided to move out of the facilities in Fatih, and construct residences for donators, so that they would spend their older ages in a safe, healthy environment. Part of the treasury's land in Maslak Balabandere, which had been allocated for the Ministry of Defense, and which was about to be handed on to Istanbul Metropolitan Municipality, was transferred to the Society, with close interest of Zeki Yavuztürk (Minister of Defense), and the support of former President Kenan Evren. A competition was organized to decide on the architectural Project, and the jury selected the Project of Dr. Fatih Gorbon. Hereinafter, the construction of Maslak Campus began.

Darüşşafaka Schools' new campus in Maslak was put into service by President Süleyman Demirel in 1994. The 120-year-old building was sold to Ziraat Bank.

Yakacık Residence was put into service in 1997 as the very first example of the residences designed for the donators of Darüşşafaka to spend their lives in a comfortable and safe place at later ages. The sports complex in Maslak was completed and opened the same year.

The book, "The History of Darüşşafaka 1863-1994" was published in 1998 following detailed research, in cooperation with Economic and Social History Foundation of Turkey.

41 students, living though the earthquake of 17 August 1999, were accepted to the school with no examination. Likewise, the School demanded no examination to accept the children of martyred soldiers and police officers, and 78 such children were accepted to the school between 1997 and 2007.

In 2003, Darüşşafaka hosted 108 students, who lived through the Bingöl earthquake, for a while.

Maltepe Residence, Şenesenevler Residence, Darüşşafaka Physical Therapy and Rehabilitation Center, and Maltepe Special Care Unit opened their doors to Darüşşafaka donators in 2004 and 2005.

Fundamental changes took place regarding both the Society and the School administration in 2007. As a result of several meetings held with the participation of the administrators of both the Society and the School, teachers, representatives of both the students and the Parent-Teacher Association, and experts in the field of education, a 5-year strategic plan for the years 2007 to 2012 was developed with the purpose to improve the school further.

Urla (İzmir) Residence started operating in İzmir.

Darüşşafaka Elementary School started organizing a column-writing competition in the memory of journalist and writer Ahmet Rasim, who was both a graduate and a teacher of Darüşşafaka, among the elementary schools in Istanbul.

In 2008, a new testing system based upon intelligence, talent and creativity instead of knowledge was adopted for students willing to study at Darüşşafaka. Hereby, talented children living in rural areas and lacking the same opportunities could also be part of this family, and so the principle of Equality of Opportunity in Education could be enhanced. In addition, the number of provinces, where the exam was taken, increased.

Darüşşafaka started “Darüşşafaka Seeks for its Parents” program, as well as annual donation campaigns within the Darüşşafaka family.

The project “81 Students from 81 Provinces” was initiated in cooperation with Isbank, and the first students accepted within this scope began studying at Darüşşafaka.

After the event in Mardin’s Bilge village in 2009, 5 children who met conditions were accepted to the school.

To ensure Darüşşafaka broadens its horizon in the globalizing world, the High Advisory Board was established with the participation of opinion leaders of the society.

A social responsibility project called “From Dreams to Reality” was initiated in cooperation with Procter & Gamble Turkey.

The Law no 6009, enabling the use of the school campus for commercial purposes provided the educational activities are not disrupted, was published in the Official Gazette on August 1, 2010. A number of studies were initiated in order to strengthen the principles of corporate governance.

Darüşşafaka Educational Institutions Regulation, Ministry of National Education Darüşşafaka Elementary School Regulation, and Ministry of National Education Darüşşafaka High School Regulation were separately approved by Ministry of National Education Board of Education and Discipline on 13 September 2011.

In memory of Nazıma Antel, the first headmistress of Darüşşafaka, the School began granting “Nazıma Antel Awards” to students who achieved success in the field of English in out-of-school activities.

As it was the 40th year after the first-time female students were accepted to the School, female Darüşşafaka graduates started the campaign “Daçka Girls 40th Year”, with the purpose of collecting TRY 1,000,000, education expense of ten girls for ten years.

The purpose article of the Charter was amended on 14 April 2012 in the extraordinary general assembly, to which President Recep Tayyip Erdogan participated as the natural president of

Darüşşafaka Society. With this amendment, it became possible for students who have lost their mothers to be accepted to Darüşşafaka, as well as the students who have lost their fathers. The term “Turkish-Islamic children” in the relevant article was replaced with “citizen of the Republic of Turkey”. A new article, on the ideal qualifications of youth Darüşşafaka wants to raise, was added to the Charter.

In addition to students who lost their fathers, 3rd grade students, whose mothers have passed away, took Darüşşafaka Entrance Exam for the first time.

In order to adopt itself to the new education system known as 4+4+4, Darüşşafaka closed its elementary school classes, and started to accept students as 5th graders instead of 4th in the academic year 2013-2014.

Darüşşafaka received 8.4 points out of 10 in the rating (prepared in accordance with the Corporate Governance Principles of Capital Markets Board and approved by the CMB) conducted by Kobirate Corporation. Darüşşafaka became the first NGO in Turkey conducting an independent corporate governance rating study.

In 2014;

The five-year strategic plan of 2015-2020 was prepared.

Darüşşafaka Techno-Entrepreneurship Youth Center was opened.

Darüşşafaka started giving scholarships to university students who are not Darüşşafaka graduates.

Darüşşafaka increased its score from 8.4 to 8.64/10 in the independent corporate governance rating.

In 2015;

First steps were taken in accordance with the five-year strategic plan of 2015-2020.

The focus was on receiving regular donations, thus, a donation campaign was launched with the slogan “Not all expenses are essential, but education is”.

Darüşşafaka increased its score from 8.64 to 9.08/10 in the independent corporate governance rating.

Darüşşafaka was granted the “special consultative status” by ECOSOC (UN Economic and Social Council).

“Darüşşafaka Reputation Study” was conducted by an independent research company.

In 2016;

Darüşşafaka increased its score from 9.08 to 9.29/10 in the independent corporate governance rating.

The campaign with the slogan “Not all expenses are essential, but education is” won the Golden Effie Prize in CSO (Civil Society Organization) Category.

In 2017;

Darüşşafaka increased its score from 9.29 to 9.43/10 in the independent corporate governance rating.

The project “81 Students from 81 Provinces”, carried out in cooperation with Isbank since 2008 celebrated its 10th anniversary. The Project sent its first graduates to university. The documentary, “We are from Darüşşafaka”, which was funded by Isbank and prepared by beIN İz was largely liked and appreciated by the public.

Darüşşafaka’s traditional Mawlid took place in Ankara and Izmir, in addition to Istanbul.

Darüşşafaka Society received Felis Award with its new communication Campaign based on the donation story of Mehmet Ateş (Class Porter) who was a porter in Kandıra and prepared with voluntary support of 4129Grey.

Darüşşafaka Robot Club won “Chairman’s Award”, which is the most prestigious award at FIRST Robotics Competition San Francisco Regional Tournament in US and won the right to compete at World Championship of FIRST Robotics Competition, where the Club won the “Team Spirit” award.

Four students from DŞMakers Club represented Turkey and won two gold medals at “Canada Wide Science Fair”, where most brilliant young scientists compete, with “Mind – Controlled Smart House” and “Remote Wood Check with Gloves” projects they developed for disabled persons.

In 2018;

Darüşşafaka increased its score from 9.43 to 9.50/10 in the independent corporate governance rating.

As 2018 was Darüşşafaka Society’s 155th anniversary, many events took place. Darüşşafaka Roof Talks, organized under the theme of “Small Stories for Big Subjects”, was held at TIM Show Center all day on 24 October. The event was attended by almost 1,000 spectators from all over Turkey.

Famous pianist and composer Fazıl Say gave a recital at İş Sanat Cultural Center on April 6th for the 155th anniversary.

Turkey’s first and pioneering high school robot club, Darüşşafaka Robot Club “Sultans of Türkiye”, won “Chairman’s Award”, the most prestigious award of “FIRST Midwest Regional” Robot Competition organized in Chicago, US on 4-7 April by the FIRST Foundation. Darüşşafaka Basketball Team became the Champion of EuroCup.

In 2019;

Darüşşafaka increased its score from 9.50 to 9.54/10 in the independent corporate governance rating.

Talha Çamaş (DŞ’69), who was the Chairman of Board of Darüşşafaka for six years, was replaced by M. Tayfun Öktem’e (DŞ’82).

Darüşşafaka Robot Club won the “Engineering Inspiration Award” at the First Robotics Competition in US and became the first Turkish team receiving this award. The Club won the right to compete at finals in Houston in 2020 without any elimination tours, with the support of NASA.

Strategic Plan for the period of 2020-2025 was prepared.

In 2020;

Darüşşafaka increased its score of compliance with Corporate Governance Principles from 9.54 to 9.63 and to 9.66 with a revised report.

ISO 9001:2015 Quality Management System certificates were received for the Society and its affiliated institutions.

Work for ISO 27001:2013 Information Security Management System certificate were completed. It passed required inspections as of 23.12.2020 and received the document.

In 2021;

Darüşşafaka increased its score of compliance with Corporate Governance Principles from 9.66 to 9.74'e.

Digital Transformation Project was launched and Digital Transformation Commission was set up.

About 1,000 risks, determined by Early Detection of Risk Committee have been classified.

Darüşşafaka Youth Board has been established. The Board comprises ten members and five substitute members, elected among Darüşşafaka graduates under thirty years of age.

Darüşşafaka Society's first integrated report, "2020 Integrated report" applied to MarCom Awards, world's most widely participated competition in 3 categories. It won 2 first (Platinum) and 1 second (Gold) awards.

Activities in the period of Pandemic

As soon as COVID-19 pandemic, which was a threat for whole world, reached Turkey, necessary precautions have been taken at Darüşşafaka schools and residences from day one in accordance with recommendations of experts. Necessary precautions were taken at the entrances and exits of the head office, schools and residences. Since the pandemic continues in 2021, it has been learned that these precautions are still implemented with great care.

Short Information About NGO's Activities

Darüşşafaka Society, one of the well-established NGOs of Turkey has been providing most advanced education of the time for needy and talented children who had lost their fathers since 1863 under the roof of Darüşşafaka schools. Surviving with the support of many individuals and institutions, Darüşşafaka uses its revenue every year to pay for education of almost 1,000 students with full scholarship, boarding at college level. Providing equality of opportunity in education only for needy and talented children who lost their fathers for 149 years, the Society changed its Charter on 14 April 2012. The new Charter extended its services and described Society's aim as: "to provide equal educational opportunities to needy and talented children who are Turkish citizens and who lost their fathers and / or mothers, to educate them in Turkey or abroad according to modern education principles and to raise them as leading individuals who keep learning for their lifetime, adopted universal values, self – confident and conscious of their responsibilities for the country and society."

In order to ensure that "equal opportunities in education" principle which was kept alive for 150 years at Darüşşafaka schools, continues forever, that more children could use this opportunity for education and to open the doors of compassion to those philanthropists who support Society's mission; Darüşşafaka Residences, Urla Life Special Nursing Home and Care Center, Maltepe Ömran and Yahya Hamuluoğlu Physiotherapy and Rehabilitation Center and Maltepe Special Care Unit were opened by Darüşşafaka Society.

These institutions, under the roof of Darüşşafaka Society turn our people's donations into education opportunities, which add value to our children and they are important sources of donations, which provide a bright future for our children. Their Common goal is to generate new resources and provide opportunity of a modern education for more children.

Subsidiaries of Darüşşafaka Society

<u>Subsidiaries</u>	<u>Line of Activities/Position</u>	<u>Share (%)</u>
DAÇKA Eğitim Araştırma Tanıtım Organizasyon Hizmetleri A.Ş.	Organization Services	100

<u>Economic Ent.</u>	<u>Line of Activities/Position</u>	<u>Share (%)</u>
Darüşşafaka Cemiyeti İktisadi İşletmesi	Physiotherapy and Rehabilitation Special Nursing Home and Care Services	100

Darüşşafaka Society in Figures

Number of Registered Members as of 31.12.2019: 994
Number of Registered Members as of 01.12.2020: 1,002
Number of Registered Members as of 01.12.2021: 992

Total Number of Donators as of 31.12.2019: 119,806 (Personal and Institutional)
Total Number of Donators as of 01.12.2020: 157,773 (Personal and Institutional)
Total Number of Donators as of 01.12.2021: 186.334 (Personal and Institutional)

Number of Students for the Academic Year of 2021-2022 (As of 01.12.2021)

	High School	Secondary School	Total
Total Numbers	412	433	845
Total Girls	207	192	399
Total Boys	205	241	446

The School completed 2020-2021 academic year with 907 students and started 2021-2022 academic year with 845 students.

Number of Employees in Darüßsafaka Schools as of 01.12.2021:

Job	Number of Employees
Administrator	21
Teacher (Including Adm.)	128
Teacher Aides	51
Academic Aides	20
Adm. Staff	31
Other Staff	57
TOTAL	308

Number of Donators Living at Residences as of 01.12.2021 (On the Basis of units):

Residence	Number of Donators
Yakacık Residence	74
Maltepe Residence	119
Şenesenevler Residence	69
Urla Residence	180
TOTAL	442

Number of Employees in Residences and Healthcare Institutions as of 01.12.2021:

Unit	Professional	Administrative	Total
Yakacık Residence	20	19	39
Maltepe Residence	36	25	61
Şenesenevler Residence	10	14	24
Urla Residence	30	36	66
Special Care Unit	31	8	39
PTR Center	17	8	25
Urla Life	61	10	71
TOTAL	205	120	325

Number of Employees in Head Office as of 01.12.2021

Job	Number of Employees
Sec. Gen. and Deputy Sec. Gen.	3
Board of Directors Office	2
Resource Development, Donations and Com.	22
Financial Affairs	5
Purchasing	7
Facility and Auxiliary Services	7
Human Resources and Internal Communication	4
Properties	5
Foundations	1
Information Technologies	6
Internal Audit	2
Chief Legal Advisor and Legal Office	4
Ankara Office	1
Darüşşafaka Museum	1
Sait Faik Abasıyanık Museum	2
TOTAL	72

Total Number of Employees of Society as of 01.12.2021

Units	Number of Employees
Society Head Office	68
Ankara Office	1
Darüşşafaka Museum	1
Sait Faik Abasıyanık Museum	2
Darüşşafaka Schools	308
Yakacık Residence	39
Maltepe Residence	61
Şenesenevler Residence	24
Urla Residence	66
Special Care Unit	39
PTR Center	25
Urla Life Unit	71
TOTAL	705

Source: Darüşşafaka Society

3. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system which audits whether or not the institutions' management structures and management styles, the arrangements for shareholders and stakeholders and the process of informing in transparency and accuracy are performed in accordance with modern corporate governance principles and which assigns a grade corresponding to the existing situation.

In 1999, OECD Corporate Governance Principles were approved at the OECD Meeting of Ministers and published. Since then, these principles have been regarded as international references for the decision – makers, investors, shareholders, companies and stakeholders throughout the world.

CMB has undertaken to work on Corporate Governance in Turkey. It issued Corporate Governance Principles in 2003 and updated it in 2005. More recently CMB revised Corporate Governance Principles in December 2011 / February 2012 with communiqués Series: IV No: 56 and Series: IV No: 57. Last revision took place in 2014 and Principles were re-issued on 03.01.2014. The Principles were put under four main headings: Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors.

BRSB also issued Communiqué on Banks Guidelines for Corporate Governance Principles, which was published on Official Gazette dated 01.11.2006, No:26333. It contained the rules that banks must abide.

Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. (Kobirate A.Ş.) conducts Corporate Governance Rating with a system 100% based on CMB's Corporate Governance Principles. In this system companies are analyzed under for main headings of Shareholders, Public Disclosure and

Transparency, Stakeholders and Board of Directors, in compliance with CMB's Corporate Governance Principles.

In this analysis, the full compliance of work flow and analysis technique with Kobirate A.Ş.'s Ethical Rules is considered.

In the process of rating, 302 different criteria are considered to measure the compliance of NGO with the corporate governance principles. These criteria are translated into the Kobirate A.S.'s unique Corporate Governance Rating Questionnaire. Answers for these questions are taken from banks and companies in the electronic environment. The answers are examined by rating experts and analysts and controlled again. A report is prepared according to the results and it is presented to Kobirate Corporate Governance Rating Committee for the final decision.

The grade to be assigned by the Corporate Governance Rating Committee to the firm ranges between 0-10. In this scale of grade, "10" points mean excellent, full compliance with CMB's Corporate Governance Principles while grade "0" means that there is no compliance with CMB's Corporate Governance Principles in the existing structure.

Within this context the following rates are applied to reach the total grade:

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

4. **KOBİRATE ULUSLARARASI KREDİ DERECELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ**
A. Ş. CORPORATE GOVERNANCE COMPLIANCE RATING GRADES AND DESCRIPTIONS

GRADE	DEFINITIONS
9–10	<p>The Company achieved a substantial compliance with to the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the Company might be exposed are recognized and controlled effectively. The rights of the shareholders are impartially taken care of. The level of public disclosure and transparency are high. Interests of the stakeholders are fairly considered. The structure and the working conditions of the Board of Directors are in full compliance with the Corporate Governance Principles. The Company is eligible for inclusion in the BIST corporate governance index.</p>
7–8,9	<p>The Company complied considerably with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place, and operational, although some improvements are required. Potential risks, which the Company may be exposed are identified and can be managed. Benefits of the shareholders are fairly taken care of. Public Disclosure and transparency are at high levels. Interests of the stakeholders are equitably considered. Composition and operational conditions of the Board comply with the Corporate Governance Principles. Some improvements are needed in compliance with the Corporate Governance Principles even though they do not constitute serious risks. The company is eligible for inclusion in the BIST Corporate Governance Index.</p>
6–6,9	<p>The Company has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at moderate level have been established and operated, however, improvement is required. Potential risks that the Company may be exposed are identified and can be managed. The interests of the shareholders are taken care of although improvement is needed. Although public disclosure and transparency are taken care of, there is need for improvement. Benefits of the stakeholders are taken care of but improvement is needed. Some improvement is required in the structure and working conditions of the Board. Under these conditions, the Company is not eligible for inclusion in the BIST Corporate Governance Index.</p>

GRADE	DEFINITIONS
4-5,9	<p>The Company has minimum compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are in place at a minimum level, but are not full and efficient. Potential risks that the company is exposed to are not properly identified and are not under control. Substantial improvements are required to comply with the Corporate Governance Principles in terms of the benefits of both the shareholders and stakeholders, public disclosure, transparency, the structure and working conditions of the Board. Under the current conditions, the Company is not eligible to be listed in the BIST Corporate Governance Index.</p>
< 4	<p>The Company has failed to comply with the Corporate Governance Principles issued by the Capital Market Board. It also failed to establish its internal control systems. Potential risks that the company might be exposed are not identified and cannot be managed. The company is not responsive to the Corporate Governance Principles at all levels. There are major weaknesses in the interest of the shareholders and the stakeholders, public disclosure, transparency. Structure and working conditions of the Board appear to be at a level that might cause the investor to incur material losses.</p>

