



Corporate Governance Compliance Rating Report

Darüssafaka
1863 SOCIETY

Darüşşafaka Society

29 December 2023

Validity Period 29.12.2023-29.12.2024

LIMITATIONS

The Corporate Governance Compliance Rating Report, prepared by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. on Darüşşafaka Cemiyeti, has been prepared in accordance with the Corporate Governance Principles Compliance Rating Methodology based on the CMB's Corporate Governance Principles.

The Corporate Governance Compliance Rating Report issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. is based on 113 copies of documents, data and files electronically transmitted by the concerned Non-Governmental Institution, including data open to general public and examinations made by our rating experts on site.

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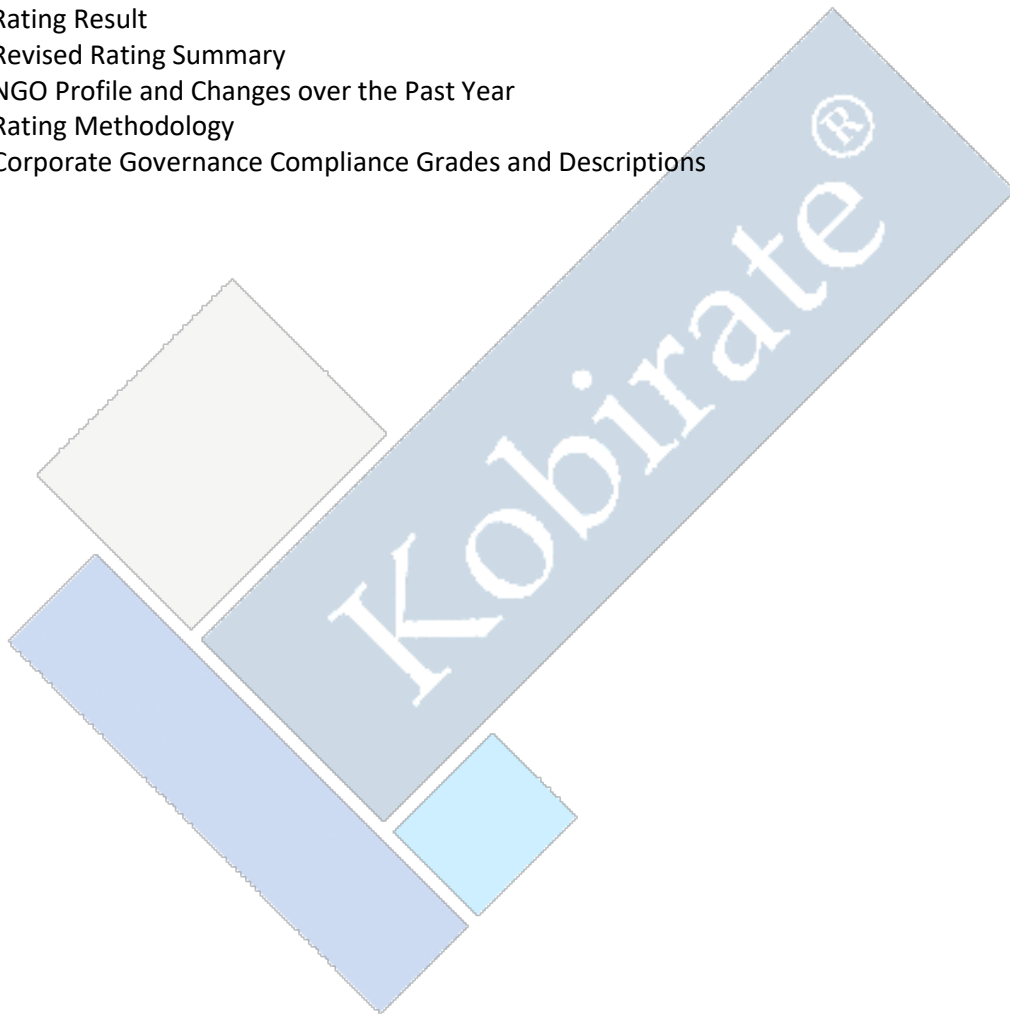
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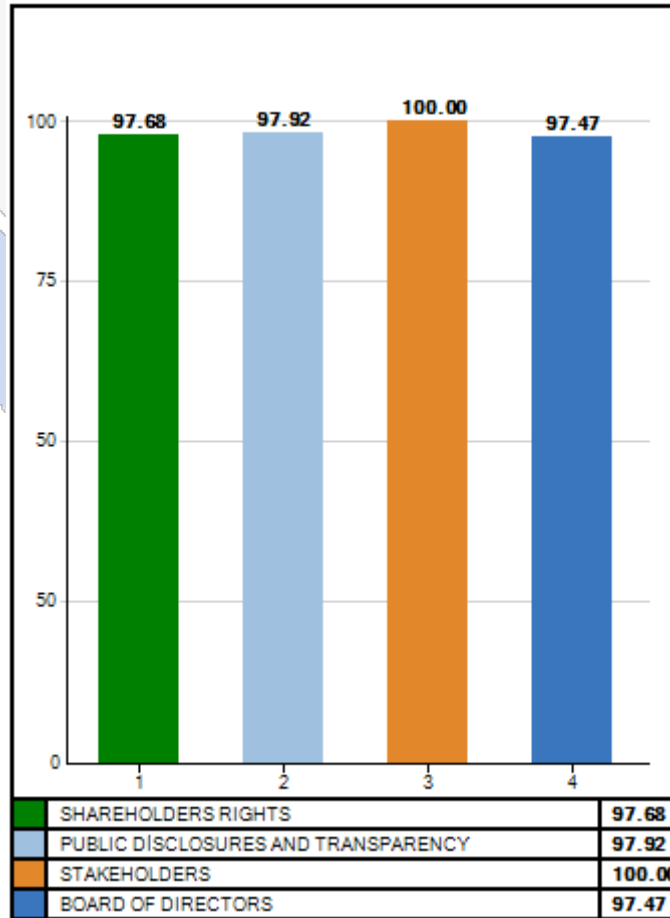


DARÜŞŞAFKA CEMİYETİ

1. RATING RESULT

CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE

9.80





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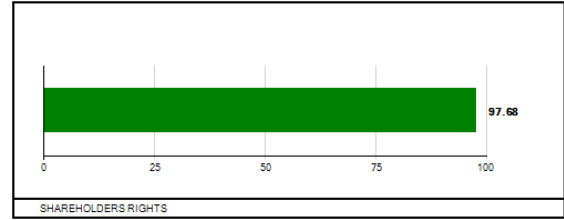
2. REVISED RATING SUMMARY

This report of rating of compliance of Darüşşafaka Cemiyeti with the Corporate Governance Principles is concluded through onsite examinations of the documents and information open to the public, interviews held with executives and persons involved, and other examinations and observations. The study has been held in accordance with the Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. In the methodology and rating process, the Corporate Governance Communiqué numbered II-17.1, published in the Official Gazette dated 03.01.2014 and numbered 28871, has been taken as the basis.

The rating study was carried out under the headings of Shareholders, Public Disclosure and Transparency, Stakeholders, and the Board of Directors. Darüşşafaka Cemiyeti's Corporate Governance Compliance Rating Score has been revised upwards to **9.80**, according to the methodology prepared by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for "Non-Governmental Organizations" within the framework of the above headings and as a result of examining and evaluating 302 criteria.

This result indicates that Darüşşafaka Cemiyeti complies significantly with the Corporate Governance Principles published by the Capital Markets Board; it has established a consciousness and culture of responsibility towards its members, benefactors, beneficiaries, and all other stakeholders and society, and its activities related to transparency and disclosure are at a high level; its internal control systems have been established and are functioning, and the structure and working principles of its Board of Directors are in line with the Corporate Governance Principles.

▪ In the Shareholders section, the rating of Darüşşafaka has been revised to **97.68**.



During the reviewing period;

○ Regarding membership in the Society, "Membership Application and Decision Processes Procedures and Principles" were regulated and started to be implemented by amending the relevant articles of the statute at the General Assembly.

○ In particular, options have been developed that facilitate benefactors' communication with the Society, strengthen their commitment to the institution, and provide personalized application opportunities. Accordingly, infrastructure improvements have been made on the Corporate Website.

In the examinations made on the records and in the discussions with the officials, it has been understood that the corporate governance principles are carefully observed in exercising all rights related to the stakeholders by the Society.

Membership relations at Darüşşafaka are carried out by Mr. Tevfik SÖZBİR. It has been observed that the aforementioned executives are at a sufficient level with the knowledge and experience required by the task and play an active role in protecting and facilitating the use of membership rights, especially the right to obtain and review information. The member registry is also followed by the same employee, and it has been observed that these records are organized and up to date.

Any data that might affect the exercise of members' rights is currently at the disposal of members on the society's internet website. The "Disclosure Policy" approved by the Board

of Directors is published on the Society's corporate website, and the members' right to receive information is explained in detail within the scope of this policy. The right to receive and review information has been extended to include beneficiaries, benefactors, and all strata of society, not just members.

The date of 25.03.2023 was determined for the general assembly meeting, where the activities of 2022 will be discussed, and the general assembly call was duly made. The meeting was postponed to 01.04.2023 due to the insufficient number of participants.

The invitation to the assembly was announced in a national newspaper dated 03.03.2023 and announced on the corporate website of the Society. In addition, invitations, agendas, and attachments were sent to all members by e-mail.

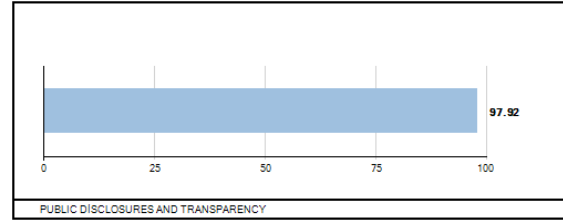
It is stipulated by Article 18 of the Association's Bylaws that members who have paid all their dues and do not owe any dues until the end of the previous year can attend the General Assembly. Within the scope of this article, it has been determined that 128 members from 450 Darüşşafaka Cemiyeti Members, who do not owe dues as of 31.12.2022, attended the general assembly meeting.

Again, according to Article 26 of the Society's Bylaws, each member has only one voting right, and in accordance with the relevant laws, regulations and the Society's Bylaws, each member can exercise their right to vote personally by attending the meeting.

As a result of the examination of the prepared documents and minutes, it was understood that the members were properly informed about the agenda items before the General Assembly, all members were given the right to speak while the agenda items were being discussed, and the necessary opportunity was provided to discuss all aspects of the issues.

All of the full and substitute members of the board of directors and the majority of the regular and substitute members of the supervisory board attended the general assembly meeting.

▪ In the Public Disclosure and Transparency section, the society's rating was revised to **97.92**.



The society has created its disclosure policy and disclosed it to the public. The Disclosure Policy was presented to the attendees as the 11th item of the agenda at the General Assembly held on 06.04.2019.

Much up-to-date information about the Society and its activities, which are listed in the principles and that members, benefactors, beneficiaries, and all stakeholders may need, are available on the corporate website.

On the other hand, the corporate website is constantly being updated. Within this framework, in order for the institution to get to know its benefactors better, the Insider application tries to learn the usage habits of the benefactors and CRM applications are developed with this data.

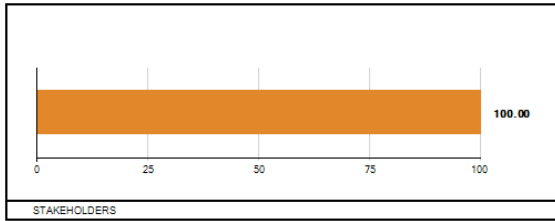
Integrated activity reports contain detailed information about the activities of the Society and to inform all stakeholders and are prepared in a very comprehensive manner.

The independent external audit of the financials of the Society and its Affiliates for 2022 was made by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and no negative opinion was stated in the report. It has been learned from the officials that no event took place with the independent audit company or with its auditors that could

damage this company's independence and there was no legal conflict with it.

The auditing and reporting of the financial statements for the year 2023, however, are carried out by PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., with the recommendation of the Audit Committee and the approval of the Board of Directors.

▪ In the Stakeholders section, the rating of Darüşşafaka has been confirmed as **100.00**.



The infrastructure of the ERP (Enterprise Resource, Planning) system was prepared, the Quality Management System studies were completed, and ISO 9001: 2015 Quality Management System and ISO 27001: 2013 Information Security Management System certificates were obtained. Efforts continue to create the ISO-45001 Occupational Health and Safety Management System in June 2024 and complete its certification. After the ISO 45001 Occupational Health and Safety Management System was established, it was agreed to prioritize the ISO 10002 Customer Satisfaction Management System and focus on other quality management systems, ISO 14001 Environmental Management System, ISO 22301 Business Continuity Management System, and ISO 31000 Risk Management System, in the medium and long term.

The "Occupational Safety and Risk Management Unit" has been established under the Deputy Secretary General of Facility Services and continues its work with the support of the OHS Consultancy Service. The said unit reports to the Deputy General Secretary of Facility Services, the General Secretary of the Darüşşafaka Cemiyeti and the General Manager of Darüşşafaka Educational Institutions.

Within the scope of the "Digital Transformation Program";

The Software Technologies Unit was established under the Deputy Secretary General of Information Technologies and Digital Transformation. A "Digital Transformation Ambassador" profile has been created to cover all organizations within the institution. In addition to their current duties within the institution, ambassadors take an active role in issues such as digital needs, new ideas, project communication and product ownership within the units.

The Digital Transformation Program is also followed by the "Digital Transformation Commission" under the Board of Directors. At the commission meetings held regularly, the project timeline, scope and alternative solutions are evaluated according to criteria such as cost/benefit analysis.

A process has been developed to digitally follow the personnel recruitment and firing processes and to help automate user operations.

Enterprise Risk Management, Failure Mode Impact Analysis (FMEA) method has started to be implemented. The work carried out on a process basis (Process FMEA) is carried out by all units within the Society. FMEA work is carried out through an online accessible application on a digital platform.

In April 2023, the system where Internal Audit functions can be managed via a digital platform was put into operation, and Internal Audit teams were given training on applications and processes. Issues such as audit plans, action tracking, results and reports are monitored on the relevant platform. All stakeholders in the audit activity can be monitored digitally by entering the relevant information into the system through this platform, which can work online or offline.

There is a comprehensive code of ethics that all members, management, and employees have to comply with, and necessary information has

been provided for those concerned to act in accordance with these rules.

There is an "Ethics Committee" in the Society that monitors compliance with ethical rules. The system created in the communication section of the Society's corporate website is active in order to provide applications from outside the institution to the Ethics Committee, and applications are also received through this system. The Ethics Committee continues its work in accordance with the 2023 Action/Event Plan. In 2023, the routine meetings of the Ethics Committee were held on 29.03.2023, 26.07.2023 and 23.11.2023. An ethical survey was prepared for all employees in 2022; the survey results were collected, and the results were evaluated at the meeting held on 01.12.2022. In 2023, based on these survey results, ethical awareness activities were prioritized.

Members of the board of directors' sign statements that certify their awareness of the conflict-of-interest policy and specify any conflicts they may or are assumed to be involved in. Likewise, employees sign a document stating that they have read and understood the ethical principles and conflict of interest policy together with the documents signed at the beginning of the job, and this document is kept in the personnel file.

The society continues its work in the field of sustainability. During the reviewing period, effective steps were taken regarding energy efficiency and management, and the "Sustainability Impact Report" was published for the first time. "Significance" criteria were determined and included in the Sustainability Impact Report.

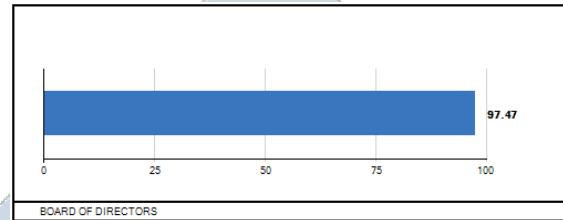
With its 2022 Integrated Report, it won the first prize in the "Non-Governmental Organizations Sustainable Business Reporting" category at the "Sustainable Business Awards 2023" organized by the Sustainability Academy for the 10th time. Again, the 2022 Integrated Report won first place in all 4 categories in the Marcom Awards and was deemed worthy of the "Platinum" award, and won the bronze

award at the Summit International Awards (SIA).

The developments presented under the Stakeholders heading also reflect the corporate sustainability approach of the Darüşşafaka Cemiyeti and are disclosed to the public in an integrated annual report.

The Society has fully complied with the principles with its practices under this main heading.

▪ In the Board of Directors section, the rating of Darüşşafaka was revised to **97.47**.



This grade indicates that the Society complies very well with the CMB's Corporate Governance Principles.

As per the Bylaws, the Board of Directors of the Society is elected by the General Assembly by secret ballot, as 15 (fifteen) full and 5 (five) substitute members. The number of members of the board is sufficient for the members of the board of directors to carry out productive and constructive work, and for the formation and organization of commissions (committees) effectively. Again, in Article 29 of the Bylaws, there is the statement, "Re-election is held every year instead of one-third of the Members of the Board of Directors in accordance with the provision of Article 27, the member whose term has expired can be re-elected". In accordance with this article, 1/3 of the Board of Directors of the Society is re-elected every year.

In the Board of Directors of, 8 (eight) female and 7 (seven) male members serve as permanent members, and the gender ratio is 53% in favor of female members. The ratio was 50% with 10 (ten) members each, including alternate members.

It has been determined that the Board of Directors has defined its strategic goals in order to achieve the goals set in the Society's Bylaws. This purpose of the Society can be presented in a clear, informative, and motivating way for various stakeholders, including members, beneficiaries, benefactors, volunteers, employees, media, and all layers of society. An internal control mechanism has been established, and it has been ensured that it works effectively.

Each member of the Board of Directors has one voting right. There are no veto powers for any member.

The duties of the Chairman of the Board of Directors and General Secretary are carried out by different people.

The Board of Directors convened 42 (forty-two) times in 2022 and made 69 (sixty-nine) decisions. As of December 2023, 33 (thirty-three) meetings were held, and 59 (fifty-nine) decisions were made. The Board has 2 (two) more meetings planned until the end of the year.

It has been observed that the Audit, Corporate Governance and Early Detection of Risk Committees (Commissions) referred to in the principles have been established, and the working principles have been prepared as written documents.

- **The Audit Commission** held 4 (four) meetings in 2022 and as of December 2023 and made the same number of presentations to the board of directors.

Internal Audit:

The Internal Audit Unit established within the Society performs audits in accordance with all legal and in-house legislation and regulations, prepares reports in accordance with international internal audit standards and works independently of the Board of Directors, independent of all units. Risk management, control and corporate governance processes are audited independently and objectively through internal audits. The Internal Audit Unit

also creates value by raising the awareness of managers and employees regarding internal and external risks and as a “consultant” that offers suggestions.

Internal audit activities have started to be carried out using a widely preferred internal audit software. Thus, the work on internal audit processes has been moved to the digital environment, and standardization has been achieved.

The Internal Audit Unit carried out a total of 5 (five) audits within the scope of the annual internal audit plan in 2022 and made 4 (four) reports to the Audit Commission and 3 (three) reports to the Board of Directors.

- **The Corporate Governance Commission** held 5 (five) meetings in 2022 and as of December 2023 and made 2 (two) presentations to the Board of Directors.

- **The Early Detection of Risk Commission** has convened 4 (four) times in 2022 and as of December 2023 and made 2 (two) presentations to the board of directors.

In addition to these three main commissions listed in the principles, 5 (five) separate commissions and specialty committees have been established to support the effective and dynamic management of the Society. The commissions and the number of meetings held, and presentations made to the Board of Directors as of December 2023 are as follows;

- Education Commission held 19 (nineteen) meetings and 11 (eleven) presentations,

- Donation Communication and Resource Development Commission held 6 (six) meetings and made 4 (four) presentations,

- Asset Management Commission held 10 (ten) meetings and made 2 (two) presentations,

- Student Selection, Registration and Admission Commission held 6 (six) meetings and made 7 (seven) presentations,

- Residences and Residence Governance Commission held 3 (three) meetings and made 1 (one) presentation.

3. INTRODUCTION OF THE NON-GOVERNMENTAL ORGANIZATION



Title of the NGO : Darüŝŝafaka Cemiyeti
Address of the NGO : Darüŝŝafaka Mah. Darüŝŝafaka Cad. No:5/9 34457
Maslak Sarıyer/İSTANBUL
Phone number of the NGO : (0212) 939 2800
Fax number of the NGO : (0212) 276 5011
Website of the NGO : www.darussafaka.org
Date of Incorporation : 1863
The Province where the NGO Center is Located: İstanbul
Line of Business of the NGO : Education

NGO's Representative in Charge of Rating:

Suat ÇETİN

General Secretary

suat.cetin@darussafaka.org

(0212) 939 2802

GOVERNING BODIES AND COMMISSIONS AS OF THE REPORT DATE

***Darüşşafaka Cemiyeti Board of Directors
(2023-2024)***

Name/ Surname	Title
Oğuz Güleç (DŞ'72)	Chairman
Erman Süsler (DŞ'75)	Deputy Chairman
Zeynep Necipoğlu	Deputy Chairman
Mustafa U. Demirci (DŞ'71)	Deputy Chairman
Cem Şipal (DŞ'82)	Treasurer
Mehmet Erktin	Member of Board of Directors
Prof. Dr. Esra Ekmekçi Çalicioğlu	Member of Board of Directors
Dr. Serpil Tunçer (DŞ'79)	Member of Board of Directors
Prof. Dr. Feryal Çam Çelikel	Member of Board of Directors
P. Nesrin Bayazıt (DŞ'79)	Member of Board of Directors
Müge Ören	Member of Board of Directors
Eşref Biryıldız (DŞ'73)	Member of Board of Directors
Vedat Bayrak (DŞ'74)	Member of Board of Directors
İpek Üstündağ	Member of Board of Directors
Melek Eyigünlü	Member of Board of Directors
Burak İ. Çetinçeker (DŞ'02)	Associate Member of Board of Directors
Özgür Baykut	Associate Member of Board of Directors
Akın Rota	Associate Member of Board of Directors
Nilgün Özdemir (DŞ'79)	Associate Member of Board of Directors
Büşra Giray (DŞ'14)	Associate Member of Board of Directors

***Board of Supervisors
(2021-2024)***

Name/ Surname	Title
A.Kamil Uzun	Chairman of Board of Supervisors
Zafer Boztuna (DŞ'77)	Member of the Board of Supervisors
Süleyman Morbel (DŞ'90)	Member of the Board of Supervisors
M. İsmail Özsürücü (DŞ'69)	Associate Member of Board of Supervisors
A. Engin Ergüden	Associate Member of Board of Supervisors
Aydın Yağcı	Associate Member of Board of Supervisors

***Darüşşafaka Cemiyeti Court of Honor
(2021-2024)***

Name/ Surname	Title
Mithat Günay Yazgıç (DŞ'58)	Member of Court of Honor
Halit Yurdal Tilki (DŞ'59)	Member of Court of Honor
Ergün Bankoğlu (DŞ'62)	Member of Court of Honor
Davut Ökütçü (DŞ'65)	Member of Court of Honor
Prof.Dr. Lütfü Telci	Member of Court of Honor

Directors of the Darüşşafaka Cemiyeti and its Affiliated Institutions

Name/ Surname	Title
Suat Çetin	General Secretary
Av. Dr. İnci Ercan	Chief Legal Counsel
Gökhan Tarhan	IT and Digital Transformation. Dep. Sec. Gen.
Doğan Sözer	Operation and Financial Affairs Dep. Sec. Gen.
Levent Çolakoğlu	Facility Services Dep. Sec. Gen.
Nilgün Eken	Donation Management and Benefactor Relations Dep. Sec. Gen.
Ebru Arpacı	DEK General Manager
Nilüfer Kavaklı	DEK High School Principal
Şule Uyar	DEK Middle School Principal
Muhammet Erken	DEK Living Space Manager
Dr. Can Bostancı	Chief Physician and Director of Maltepe Special Care Unit
Zeynep Ellidokuz	Şenesenevler Residence Institution Manager
Neval Erkmén	Urla Residence Institution Manager
Ayşe Cengiz	Yakacık Residence Institution Manager
Büşra Aktaş	Maltepe Residence Institution Manager
Tugay Koralay	Urla Yaşam Institution Manager
Lale İlalan	Corporate Communications Manager
Muhittin Onbaş	Human Resources Manager
Burcu E. Dönmez	Internal Audit Manager
Öznur Tekebaş	Support Services Manager
Ömer S. Şahin	Security and Civil Defense Manager
Y. Cenk Erdem	Purchasing and Warehouse Department Manager
Ö. Kubilay Karaman	Information Technologies Unit Manager
Mert Ak	Financial Affairs Manager
M. Tufan Atacan	Information Security Manager
Y. Can Keskinalemdar	Purchasing Manager
Y. Serhat Canoruç	Software Technologies Unit Manager
Yeliz Karadeniz	Financial Affairs Unit Accounting Manager
Fatma Aliakar	Financial Affairs Unit Finance Manager
Güney Ateş	Budget and Financial Reporting Manager
Mehmet Eken	Warehouse Fixtures Manager
Selim Bayram	Anatolian Side Facility Services Manager
M. Kadir Düzkaya	Urla Facility Services Manager
Firat Atalay	Human Resources Manager

COMMISSIONS (COMMITTEES) OF THE BOARD OF DIRECTORS

Audit Commission

Vedat Bayrak (Chairman)
Erman Ssler
Cem Őipal
Mge ren
Akın Rota
BeŐir zmen
İlknur Anadol Kamper

Corporate Governance Commission

Prof. Dr. Esra Ekmekci alıcıođlu (Chairman)
Mustafa U. Demirci
P. Nesrin Bayazıt
EŐref Biryıldız
Vedat Bayrak
Burak İ. etineker
Nilgn zdemir
Sevhan Gk Kahya

Early Detection of Risk Commission

Mge ren (Chairman)
Erman Ssler
Zeynep Necipođlu
Burak İ. etineker
Akın Rota
BeŐir zmen

Donation Communication and Resource Development Commission

Zeynep Necipođlu (Chairman)
Mustafa U. Demirci
P. Nesrin Bayazıt
Mge ren
EŐref Biryıldız
İpek stndađ
Melek Eyignl

Asset Management Commission

Mehmet Erktin (Chairman)
Cem Őipal
Burak İ. etineker
Akın Rota
İpek stndađ
Blent TopbaŐ
Murat Ergin

Student Selection, Registration and Admission Commission

Mustafa U. Demirci (Chairman)
Erman Ssler
Prof. Dr. Feryal am elikel
Mge ren
P. Nesrin Bayazit
Vedat Bayrak
Bra Giray
Davut kt
M. Hakan Tahirođlu
Necla zel
İ Bankası A.. Representatives

Education Commission

Erman Szler (Chairman)
Mustafa U Demirci
Serpil Tuner
Prof. Dr. Feryal am elikel
Betl O. Akan
Prof. Dr. Emine Erktin
Prof. Dr. Soner Yıldırım
Dr. Kamile Hamilođlu
Cenk Eybođlu
İ Bankası A.. Representatives

Residences and Residence Governance Commission

Erman Szler (Chairman)
Zeynep Necipođlu
Serpil Tuner
Prof. Dr. Feryal am elikel
Melek Eyignl
Burak İ. etineker
Necla zel

Darsafaka Culture and History Commission

Serpil Tuner (Chairman)
P. Nesrin Bayazit
Bra Giray
Z. Ceylan Kabadayıođlu
Beir zmen
Necla zel

Digital Transformation Commission

zgr Baykut (Chairman)
Eref Biryıldız
Bra Giray
Serhan Yılmaz
Burak Mjdecı
Fatih Mert

Comparison of some items of Darüşşafaka Cemiyeti and Its Affiliates' Summary Consolidated Financial Position Statements for the 12th Months of The Last Two Years (TL)

	2021/12	2022/12	Change %
Total Current Assets	736,534,003	1,100,395,817	49.40
Total Fixed Assets	1,455,808,447	2,861,480,000	96.56
Total Assets	2,192,342,450	3,961,875,817	80.71
Total Short-Term Liabilities	56,713,669	96,360,613	69.90
Total Long-Term Liabilities	152,026,440	418,336,466	175.17
Total Liabilities	208,740,109	514,697,079	146.57
Total Net Assets	1,983,602,341	3,447,178,738	73.78

Source: Darüşşafaka Cemiyeti 2022 Independent Audit Report

	2021/12	2022/12	Change %
Donations and income from activities	546,211,595	1,202,780,685	120.20
Expenses related to activities (-)	(190,666,599)	(329,487,310)	72.81
Net Income from Activities	355,544,996	873,293,375	145.62
Net Income before Financial Income and Expenses	388,067,502	959,255,728	147.19
Pre-Tax Activity Result	477,392,309	1,166,609,996	144.37
Net Activity Result	477,808,374	1,166,201,083	144.07

Source: Darüşşafaka Cemiyeti 2022 Independent Audit Report

Brief History of Non-Governmental Organization

"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 Tefik Pasha, Sakızlı Ahmet Pasha, and Ali Naki Effendi. The purpose of the establishment was to support the education of needy and orphaned children. The society, whose members comprised many Ottoman pashas and intellectuals, constituted Turkey's very first non-governmental organization in the field of education.

In 1868, construction of the building designed by the Italian architect Barironi and blueprinted by the chief architect of Dolmabahçe Palace, Ohannes Balyan, began on a plot purchased with the help of a donation from Sultan Abdülaziz. The school building is the first building designed as an education complex of this size, suitable for the education of girls and boys under the same roof, with facilities far ahead of the times.

The Charter of the Society, dated 25 March 1872, stated clearly that the Society would attach great importance to the love of the nation and national dedication, and so its members would comprise 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

was appointed that the school had a headmistress, and the admission of the first female students was in 1971.)

In 1873, Darüşşafakar'ül İslamiye, as a free boarding school designated with special status, started its first academic term with its 54 students, along with a first lecture given by Captain Mustafa Effendi. 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 College Education. For this reason, Darüşşafaka graduates were deemed college graduates until 1894. In addition, last year in Darüşşafaka was called "Telegram-Science School", and Darüşşafaka was then known as a telegram-science school between the years 1873-1894.

In 1881, Darüşşafaka celebrated its first graduates. Eight people who were the first graduates of the school were recruited by the Ministry with the efforts of the Post and Telegraph Minister İzzet Efendi, a member of the Society. By then, 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 served as voluntary instructors in Darüşşafaka during the 1880s and until the mid-1990s. These included poet Namık Kemal, state chronicler Abdurrahman Şeref Bey, Manyasizade Mustafa Refik Bey, Babanzade Naim Bey, composer Zekai Effendi, Ahmet Mithat Effendi, painter Agah Effendi, Selim Sırrı (Tarcan), poet Yahya Kemal (Beyatlı), historian Yusuf Akçura, Tahir Olgun, and painter Ali Rıza Hoca. 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 instructors in Darüşşafaka for many years.

In 1888, the members of the Society were prevented from coming together, as holding meetings of any kind was banned. Meetings were on hold. Darüşşafaka was in financial difficulty. Abdülhamit 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.

In 1903, 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. It put an end to the situated practice of intellectuals volunteering as instructors. Cemiyet-i Tedrisiye-i İslamiye (Ottoman Association of Education) was disbanded. 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. It continued as such until the second constitutionalist period.

II. The proclamation of the second constitutional monarchy, former members of the Society and Darüşşafaka graduates came together. The members of the Cemiyet-i Tedrisiye-i İslamiye, along with the famous politicians of the time, came together under the chairmanship of the Grand Vizier, And the Society began to work again.

The first thing to do was to apply to the Ministry of Education to take over the school's administration, and their request was met the same year.

The Law on Unification of Education, dated 1924, 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. The School became a full-time private high school and followed the curriculum of the public schools. Thereafter, the School was called "Darüşşafaka High School". 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.

In 1927, 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. The first group graduated in 1929. The class was closed in 1930 upon the request of the Ministry.

By 1931, the graduates had mostly chosen to study the fields of science at the university. So, the School had only science classes. The literature class was opened in 1931.

In 1935, the Society changed its name to "Turkish Teaching Institution". In 1939, 83 children who went through the Erzincan earthquake and who fulfilled the conditions to study at Darüşşafaka were admitted to the School. İş Bankası undertook all expenses of those children and paid to the Society. This exemplary behavior of Darüşşafaka was found applaudable.

Until that year, Darüşşafaka students, as the students at public high schools, had the right to repeat a year, but the Society decided it would 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 from 1940, the students who failed in the class started to be expelled from the school with a compulsory certificate.

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.

In 1949, a student dormitory in Fatih named Atabinen was provided to Darüşşafaka graduates studying at university.

In the 1950-1951 season, the Darüşşafaka High School basketball team became the champion among the high schools in Istanbul. Thus, basketball became active in Darüşşafaka. And Darüşşafaka Sports Club started to offer a Basketball branch 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 produced successful players for the national team.

The Society adopted the name "Darüşşafaka Cemiyeti" with a charter amendment.

Poet and writer Sait Faik Abasıyanık passed away. His mother, Makbule Abasıyanık, donated the copyright of his books and some of his assets to Darüşşafaka Cemiyeti, as per his wish. She also initiated the "Sait Faik Story Award" (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 (1964).

The academic year 1955-1956 was significant for Darüşşafaka. The School obtained a college status offering education in English. It 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 in order 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.

In 1964, the School began admitting financially disadvantaged students whose fathers were alive, too. This practice ended in 1976.

The Board of Directors took the decision to switch to coeducation in 1969. In the 1971-72 academic year, female students also started to study at Darüşşafaka.

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

Children of soldiers martyred in the Cyprus Peace Operation were accepted to Darüşşafaka with no requirement of examination.

Darüşşafaka celebrated its first female graduates.

Darüşşafaka Cemiyeti 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 benefactors 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. A competition was organized to decide on the architectural Project. The jury selected the Project of MSc. Architect Dr. Fatih Gorbon. The construction of the Maslak Campus began.

As Darüşşafaka Schools' new campus in Maslak was put into service. The 120-year-old building in Fatih was sold to Ziraat Bankası.

In 1997, "Darüşşafaka Yakacık Residence" was put into service as the first example of the "residences" project, which was decided as a new donation and finance model based on creating a new donation flow to Darüşşafaka and providing people with high financial means to a peaceful and comfortable life in their old age. The sports complex in Maslak was completed and opened the same year.

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

41 students living through the earthquake of 17 August were admitted to the School with no examination. In addition, in the 1997-2007 period, a total of 78 martyred soldiers and police children were admitted to the school without an examination.

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

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

Fundamental changes took place regarding both the Society and the School administration. 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 Residence started operating in İzmir.

Darüşşafaka Elementary School started organizing a column-writing competition in 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, in order to deepen the practice of the principle of equal opportunity in education and to increase the success of students in rural areas, whose opportunities are limited compared to big cities but who have high talent, in Darüşşafaka entrance examinations, the exam system based on knowledge measurement was changed to an examination system based on intelligence, talent and creativity, and the number of provinces where the examination was held was increased.

Darüşşafaka started the "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 tragic event in Mardin Bilge Village in 2009, it opened its doors to five children who met the conditions.

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.

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 the Ministry of National Education Board of Education and Discipline on 13 September 2011.

In memory of Nazima Antel, the first headmistress of Darüşşafaka, the School began granting "Nazima 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 TL 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 Cemiyeti. 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 individuals Darüşşafaka wants to raise was added to the Charter.

In addition to the 3rd-grade primary school students whose fathers passed away, students whose mothers were not alive were accepted for the first time in the Darüşşafaka Entrance Examination.

Due to the 4+4+4 practice in the education system, 4th-grade primary school students have started to be admitted to the Darüşşafaka Entrance Examination as of the 2013-2014 academic year.

In line with its transparency approach, Darüşşafaka Cemiyeti became the first non-governmental organization to have an independent rating company (Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş) authorized by the Capital Markets Board perform a corporate governance compliance rating in 2013. In this rating study, the compliance grade was announced as 8.4.

In 2014;

A strategic plan for 2015-2020 was prepared.
Darüşşafaka Techno-Entrepreneurship Youth Center was opened.
Started giving scholarships to university students who are not Darüşşafaka graduates.
Increased its corporate governance principles compliance rating from 8.4 to 8.64.

In 2015;

The first steps were taken in accordance with the strategic plan of 2015-2020.
The focus was on receiving regular donations. Within this framework, a donation campaign was launched with the slogan, "Not all expenses are essential, but education is."
Increased its corporate governance principles compliance rating from 8.64 to 9.08.
Darüşşafaka Cemiyeti was granted the "special consultative status" by ECOSOC (UN Economic and Social Council).
An independent research firm was asked to conduct Darüşşafaka Reputation Research.

In 2016;

Increased its corporate governance principles compliance rating from 9.08 to 9.29.
The campaign with the slogan "Not all expenses are essential, but education is" won the Golden Effie Prize in the CSO (Civil Society Organization) Category.

In 2017;

Increased its corporate governance principles compliance rating from 9.29 to 9.43.

The "81 Students from 81 Cities" project, which was implemented on September 3, 2008, in cooperation with Türkiye İş Bankası and the Society, celebrated its 10th year anniversary. The project celebrated its first graduates to university in 2017. In addition, the documentary titled "Darüşşafakalıyız Biz," prepared by beIN İz TV, by Türkiye İş Bankası about the project, was recognized and appreciated by the public.

The traditional Islamic Memorial Service ceremony was carried out in Ankara and Izmir, in addition to Istanbul.

Darüşşafaka Cemiyeti received the Felis Award with the donation story of "Klas Hamal" Mehmet Ateş, who makes his living as a porter in Kocaeli's Kandira district, and the new communication campaign prepared with the volunteer support of 4129Grey.

Darüşşafaka Robotics Club won the "Chairman's Award", which is the most prestigious award at the FIRST Robotics Competition San Francisco Regional Tournament, which it participated in this year in the USA, and was entitled to participate in the FRC World Championship held in Houston, also won the "Team Spirit" award in the World Championship.

Four students from the DŞMakers Club represented Turkey in the science fair called "Canada Wide Science Fair" held in Canada and, where the world's bright young scientists compete with two projects they developed for the disabled, namely "Mind Controlled Smart Home" and "Remote Board Control with Gloves" and won two gold medals.

In 2018;

Increased its corporate governance principles compliance rating from 9.43 to 9.50.

The year 2018, in which the 155th anniversary of the Darüşşafaka Cemiyeti was celebrated, hosted many events. The prominent of them was the Darüşşafaka Roof Talks organized under the title of "Small Stories on Big Topics". Nearly 1,000 participants from all over Turkey followed the all-day event, which was held at the TIM Exhibition Center on October 24.

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

Darüşşafaka Robot Club "Sultans of Turkey", which is a pioneer in this field as the first high school robot club in Turkey, won the "Chairman's Award", the most prestigious award of the "FIRST Midwest Regional" robot competition held by the FIRST Foundation on April 4-7 in Chicago, USA.

Darüşşafaka Basketball Team became the EuroCup Champion.

In 2019;

Increased its corporate governance principles compliance rating from 9.50 to 9.54.

Talha Çamaş (DŞ'69), who had been the Chairman of the Board of Directors at Darüşşafaka for six years, handed over his duties to M. Tayfun Öktem (DŞ'82).

Having received the "Engineering Inspiration Award" which was received by a Turkish team for the first time at the First Robotics Competition in the USA, Darüşşafaka Robotics Club was entitled to go to the grand finals to be held in Houston in 2020 with the support of the American Aerospace Agency (NASA), without participating in any qualifying rounds.

A strategic plan has been prepared for the 2020-2025 period.

In 2020;

It increased its corporate governance principles compliance rating from 9.54 to 9.63 and then to 9.66 with the revised report prepared in the same year.

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

ISO 27001:2013 Information Security Management System certification studies have been completed. As of 23.12.2020, the necessary inspections were completed, and the certificate was awarded.

In 2021;

Increased its corporate governance principles compliance rating from 9.66 to 9.74.

The Digital Transformation Project was launched, and the Digital Transformation Commission was established.

About 1000 identified risks were classified by the Early Detection of Risk Committee.

The Darüşşafaka Young Board was established. The Board consists of ten full and five substitute members to be elected among graduates who are younger than 30 years old. The term of office of the Board is three years, and its members will be renewed at the end of this period.

The "2020 Integrated Report", the first integrated report of Darüşşafaka Cemiyeti, received two first ranks(Platinum) and one-second rank (Gold) awards in 3 categories at the MarCom Awards, which is described as the world's largest participation competition.

In 2022;

Increased its corporate governance principles compliance rating from 9.74 to 9.77.

M. Tayfun Öktem (DŞ'82), who had been the Chairman of the Board of Directors since 2019, handed over his duty to Oğuz Güleç (DŞ'72).

Within the scope of the Digital Transformation Project, the Digital Transformation Commission started its work.

An independent research company was made to conduct Darüşşafaka Society Reputation and Perception research and Darüşşafaka Educational Institutions Strategy research.

Within the scope of Corporate Governance and risk studies, an FMEA (Failure Model Effect Analysis) study was initiated.

The logos of all institutions were registered.

In 2023;

Increased its corporate governance principles compliance rating from 9.77 to 9.80.

With its 2022 Integrated Report, the Society won first place in all 4 categories it applied for at the Marcom Awards, known as the "Oscar of Activity Reports", and was deemed worthy of the "Platinum" award. Darüşşafaka Society also became the only non-governmental organization to receive an award from Turkey.

The "Sustainability Impact Report" has been published, covering the managerial approaches and targets for the social, economic, and environmental impacts arising from the activities of the Society

and its affiliated institutions, as well as summarizing its contribution to the Sustainable Development Goals adopted by the United Nations.

100 students were admitted to Educational Institutions with the additional quota created with the support of İş Bankası for students who attended the entrance exam from 11 provinces affected by the earthquake that happened on February 6th. Apart from these students, scholarships and distance education support started to be given to 100 students from these 11 provinces in order to support them with quality education while they continue their education in their own schools. With the program, which will support 100 students in the 2024-2025 academic year, both students' participation in classes and their success in their own schools will be monitored.

Brief Information about the Activities of the Non-Governmental Organization

Darüşşafaka Cemiyeti, one of Turkey's most rooted non-governmental organizations, has been offering the most advanced education opportunity of the age under the roof of Darüşşafaka Educational Institutions since 1863 to talented and financially disadvantaged children whose fathers or mothers are not alive. Darüşşafaka, which has continued to exist with the support of individuals, institutions, and organizations since the day it was founded, supports the education of nearly 1000 students with a full scholarship, boarding, and college level every year with the income it earns. The Society, which offered educational opportunities to financially disadvantaged but talented children whose fathers were deceased at its inception, expanded its scope of service with a constitutional amendment on April 14, 2012, defining its purpose as "to educate financially disadvantaged and talented children whose father and/or mother are not alive in accordance with contemporary educational principles both domestically and abroad, to cultivate confident, lifelong learners who embrace universal values and are raised as conscientious and responsible leaders aware of their duties and responsibilities to their country and society."

"Darüşşafaka Cemiyeti has launched Darüşşafaka Residences, Urla Yaşam Private Nursing Home and Care Center, Maltepe Ömran and Yahya Hamuluoğlu Physical Therapy and Rehabilitation Center, and Maltepe Special Care Unit, with the aim of ensuring the perpetuation of the principle of "equal opportunity in education" that has been maintained for a century and a half at Darüşşafaka Educational Institutions, providing more children with access to this educational opportunity, and opening the doors of Darüşşafaka's "nest of compassion" to philanthropists who are dedicated to its mission.

These institutions within Darüşşafaka, which transform the donations of our country's people into educational opportunities that will add value to our children, are important donation resources created to offer our children a bright future. The common goal of all is to provide more children with contemporary education opportunities by creating new resources.

Affiliates of the Darüşşafaka Cemiyeti

Affiliated Companies

	<i><u>Subject of Activity/Status</u></i>	<i><u>Shareholding Ratio (%)</u></i>
DAÇKA Eğitim Araştırma Tanıtım Organizasyon Hizmetleri A.Ş.	Organization Services	100

Commercial enterprise

	<i><u>Subject of Activity/Status</u></i>	<i><u>Shareholding Ratio (%)</u></i>
Darüşşafaka Cemiyeti İktisadi İşletmesi	Physical therapy and rehabilitation and Private Nursing Home and Care Services	100

Darüşşafaka Cemiyeti with Numbers

As of 31.12.2021 Number of **Registered Members:** 975
As of 31.12.2022 Number of **Registered Members:** 954
As of 01.12.2023 Number of **Registered Members:** 958

As of 31.12.2021 **Total Number of Benefactors:** 191,834 (Individual and Corporate)
As of 31.12.2022 **Total Number of Benefactors:** 196,278 (Individual and Corporate)
As of 01.12.2023 **Total Number of Benefactors:** 245,439 (Individual and Corporate)

Number of Students As of the 2023-2024 Academic Year (As of 01.12.2023)

	High school	Secondary school	Total
Total Students	394	550	944
Total Girls	192	231	423
Total Boys	202	319	521

Number of Employees of Educational Institutions As of 01.12.2023:

Officer	Person
Manager	25
General Manager	1
Manager	3
Deputy Manager	12
Coordinator	8
Consultant	1
Teacher	139
Teacher Aide	57
Academic Trainers	17
Administrative Staff	37
Other Personnel	98
TOTAL	373

Number of Benefactors Staying in Residences as of 01.12.2023 (on a unit basis):

Residence	Person
Yakacık Residence	81
Maltepe Residence	111
Şenesenevler Residence	69
Urla Residence	180
TOTAL	441

Number of Employees of Residence and Health Institutions as of 01.12.2023:

Unit	Profession	Administrative	Total
Yakacık Residence	18	21	39
Maltepe Residence	40	27	67
Şenesenevler Residence	14	15	29
Urla Residence	33	34	67
Special Care Unit	32	8	40
FTR Center	17	7	24
Urla Living Unit	66	11	77
TOTAL	220	123	343

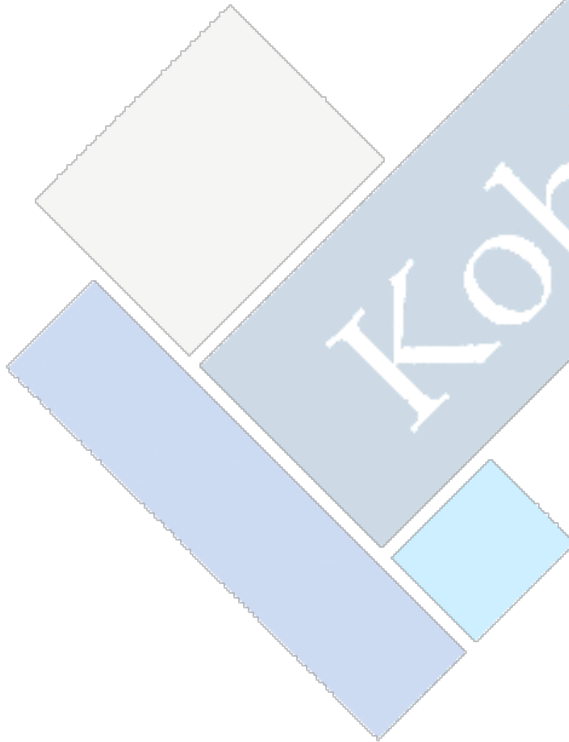
Number of Employees of the Society Center As of 01.12.2023

Position	Person
Secretary General and Deputy Secretary General	4
Member of Board of Directors	2
Resource Development, Donation and Communication	31
Financial affairs	9
Purchasing	9
Facility and Support Services	19
Human Resources and Internal Communication	7
Real estate	5
Foundations	1
Information Technologies	15
Internal Audit	1
Office of Chief Legal Counsel and Law Office	4
Ankara Office	1
Darüşşafaka Museum	0
Sait Faik Abasıyanık Museum	2
TOTAL	110

Total Number of People Working in the Institution As of 01.12.2023

Units	Person
Society Center	110
Ankara Office	1
Darüşşafaka Museum	0
Sait Faik Abasıyanık Museum	2
Darüşşafaka Educational Institutions	373
Yakacık Residence	39
Maltepe Residence	68
Şenesenevler Residence	28
Urla Residence	67
Special Care Unit	40
FTR Center	24
Urla Living Unit	77
TOTAL	826

Source: Darüşşafaka Cemiyeti



4. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system that audits whether or not the organizations' 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 the modern corporate governance principles and which assigns a grade corresponding to the existing situation.

In 1999, the Organization for Economic Cooperation and Development approved and published the OECD Principles of Corporate Governance at the Council of Ministers. Since then, the principles have become an international reference for decision-makers, investors, shareholders, and companies around the world. The principles were revised in 2002 and brought into line with the present.

In Turkey, the Capital Markets Board (CMB) has undertaken studies on Corporate Governance. The CMB first established the Corporate Governance Principles in 2003, then revised and published it in 2005. Finally, the Board revised the Corporate Governance Principles in December 2011/February 2012 with the Communiqués Series: IV No: 56 and Series: IV No: 57. At last, on January 3, 2014, the principles were revised and published. The principles are grouped under four main headings, namely: the Shareholders, Public Disclosure and Transparency, Stakeholders, and the Board of Directors.

Apart from the CMB, the Regulation on the Corporate Governance Principles of Banks published in the Official Gazette dated 01.11.2006 and numbered 26333 in the BRSA, and the rules required to be implemented by the banks are gathered in this regulation.

Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş (Kobirate A.Ş.) carries out its Corporate Governance Rating with a system that is based on the Corporate Governance Principles of the Capital Markets Board (SPKKYI). The firms are analyzed under

four main headings in this system according to CMB CGP. These are the Company's Shareholder Structure, Management Structure, Shareholders, Public Disclosure and Transparency, Stakeholders, and Board of Directors.

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

During this analysis, 302 different criteria are taken into account in order to measure the compliance of the Non-Governmental Organization with the corporate governance principles. These criteria have been transformed into Corporate Governance Rating Question Sets specific to Kobirate A.Ş. and the answers to these questions are received electronically from companies or banks. The responses received are reviewed and rechecked by rating experts and analysts, and a report with the results is submitted to the Kobirate Corporate Governance Rating Committee for a 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 any sense, in the existing weak structure.

In this sense, in reaching the total score, the following weight is taken into consideration at the rates adopted by the Capital Markets Board in the Corporate Governance Principles:

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

and the final score is achieved accordingly.

5. KOBİRATE ULUSLARARASI KREDİ DERCELENDİRME VE KURUMSAL YÖNETİM HİZMETLERİ
A. Ş. CORPORATE GOVERNANCE RATING GRADES AND DESCRIPTIONS

GRADE	DEFINITIONS
9-10	The NGO achieved substantial compliance with the Corporate Governance Principles issued by the Capital Market Board. Internal control systems are established and are operational. Any risks to which the NGO might be exposed are recognized and controlled effectively. The interests of the members are fairly considered. The level of public disclosure and transparency is high. The 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.
7-8,9	The NGO achieved significant compliance 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 NGO may be exposed to, are identified, and can be managed. The interests of the members are fairly considered. Public Disclosure and transparency are at high levels. The interests of the stakeholders are fairly considered. The 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.
6-6,9	The NGO has moderately complied with the Corporate Governance Principles issued by the Capital Market Board. Internal Control systems at a moderate level have been established and operated. However, improvement is required. Potential risks that the NGO may be exposed to are identified and can be managed. The benefits of the members are taken care of, but improvement is needed. Although public disclosure and transparency are taken care of, there is a need for improvement. The 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.

GRADE	DEFINITIONS
4-5,9	<p>The NGO has minimally complied 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 NGO is exposed to are not properly identified and are not under control. Members' rights, public disclosure and transparency, stakeholders' rights, and the Board of Directors' structure and working conditions require significant improvements in line with corporate governance principles.</p>
< 4	<p>The NGO 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 NGO might be exposed to are not identified and cannot be managed. The NGO is not responsive to the Corporate Governance Principles at all levels. The rights of the members, public disclosure and transparency, the rights of stakeholders and the structure and working conditions of the board of directors contain significant weaknesses.</p>

