



Corporate Governance Rating Report



Hürriyet

21 September 2020

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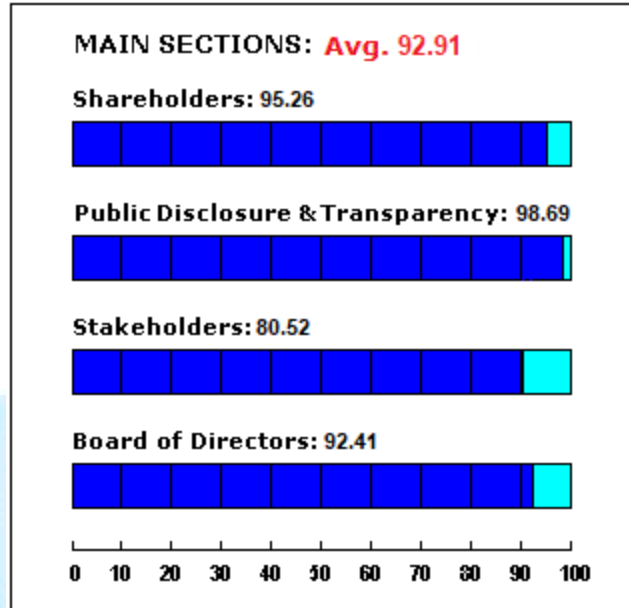
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Rating and Executive Summary

Hürriyet Gazetecilik ve Matbaacılık A.Ş. (HURGZ)

SAHA
Corporate Governance Rating:

9.29



EXECUTIVE SUMMARY

Corporate Governance Rating for Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet" or "the Company") has been reconfirmed as **9.29** as the previous setting of 9.29 dated September 19, 2019. SAHA's rating methodology is based on the Capital Markets Board's (CMB) "Corporate Governance Principles" ("the Communiqué") released on January of 2014.

SAHA publishes (annually) the World Corporate Governance Index (WCGI) which ranks countries in terms of their level of compliance with corporate governance principles as well as their germane institutions, rules, codes, and regulations together with international standards and indices which evaluate countries in a vast array of areas such as transparency, corruption, ease of doing business, etc.. Hürriyet is analysed as a Turkish company and Turkey takes place at the top classification of the WCGI which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on October 8, 2019 can be accessed at <http://www.saharating.com>.

Hürriyet is rated with **9.53** under the **Shareholders** heading. Exercise of shareholders' rights complies with the legislation, articles of association and other internal rules and regulations, and measures have been taken to ensure the exercise of these rights. Hürriyet carries out the investor relations obligations through Shareholder Relations Unit. There is no upper limit or privileges on voting rights. All procedures prior to the general shareholders' meeting as well as the conduct of the meeting comply with the legislation. There is a consistent dividend policy of the Company and it is disclosed to the public. There are no restrictions on transfer of shares. On the other hand, prescribed rate of minority rights for public joint stock companies (5%) is adopted as it is in the articles of association of the Company. In addition, although there is no formal restriction, absence of a provision in the articles of association on holding general shareholders' meetings open to public has been identified as an area open to improvement under this heading.

Hürriyet attained **9.87** under the **Public Disclosure and Transparency** chapter. There is a comprehensive web site which includes all information listed in the CMB Corporate Governance Principles pertinent to "Public Disclosure". Public announcements are made via all communications channels and are in accordance with CMB and Borsa Istanbul A.Ş. (BIST) rules and regulations. The names of the Company's ultimate controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners are disclosed to the public. Company's web site is also prepared in English for international investors. On the other hand, all benefits provided to board members and senior management are not listed on individual basis in the annual report.

On the topic of **Stakeholders**, Hürriyet scored **8.05**. The exercise of stakeholders' rights has been facilitated. A written compensation policy for the employees is established and disclosed to the public on the corporate web site. During the rating period, the Company was not held liable by any public authority for any punishment/sanctions. Code of ethics is publicly available through the Company's web site. The Company has a written human resources policy. Sustainability policy and practices are found satisfactory. Social responsibility projects carried out in the past are quite considerable. However, there are no mechanisms to support the stakeholders' participation in the Company management. It was learned during the rating period that no information was exchanged on issues concerning employees.

From the perspective of the principles regarding the **Board of Directors**, Hürriyet's tally is **9.24**. There is a well communicated Company mission and vision. The board consists of seven members, of which only one holding executive duties. CMB criteria are complied with for the appointment of independent members who have each signed a declaration of independence. Corporate Governance, Audit, and Early Detection of Risk Committees are established within the board of directors. The working principles of the Committees are disclosed to the public. Principles of remuneration of board members and senior executives are available on the Company's web site. The Company does not provide any loans or extend any credit to the board members or senior executives. The increase in the rating under this heading compared to the previous rating period is due to the increase in the rate of participation of the members to the board meetings and the number of meetings held by the Audit Committee during the period. On the other hand, not having a female membership policy approved by the board of directors and the designated manager liability insurance coverage under the limit specified in the Communiqué are areas open for improvement.

Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's "Corporate Governance Principles" released on January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which has been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose. Additionally; many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all high-level bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the Company's governance practices in

future should be mentioned in the annual report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders, and the board of directors.

Based on these Principles, the SAHA Corporate Governance Rating methodology features around 330 sub-criteria. During the rating process, each criterion is evaluated on the basis of information provided by the Company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.23).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

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

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

Company Overview

| Hürriyet Gazetecilik ve Matbaacılık A.Ş. | |
|--|---|
|  | Chairman of the Board Yıldırım DEMİRÖREN Executive Board of Directors Member Mehmet Koray YANÇ |
| 100. Yıl Mahallesi, 2264. Sokak, No:1, Bağcılar, İstanbul www.hurriyetkurumsal.com | Investor Relations Department Manager Süleyman Fatih AYDINER Tel: 0212 449 60 88 yatirimciiliskileri@hurriyet.com.tr |

The Company was registered in 1960 and operates in the fields of journalism, printing, advertising, publicity and internet publishing. The Company has seven printing facilities in İstanbul, Ankara, İzmir, Adana, Antalya, Trabzon and Germany. Doğan Şirketler Grubu Holding A.Ş., previously the main shareholder of the Company, transferred all of its shares representing 77.67% of its capital to Demirören Medya Yatırımları Ticaret A.Ş. ("Demirören Media Group") on May 16, 2018. The share transfer was completed with the extraordinary general shareholders' meeting held on 6th of June 2018. Consequently, Demirören Media Group became the party holding the management and capital control of the Company.

In addition to Hürriyet, Demirören Media Group houses online media brands in Turkey such as hurriyet.com.tr, Spor Arena, yenibiris.com, yakala.co, hurriyetoto.com, bigpara.com, mahmure.com, and Hürriyet Seyahat. Through its subsidiaries abroad, the Company pursues its journalism and printing activities in TRNC, Germany, the Netherlands and Russia.

The current capital structure of the Company, which has 1,215 employees as of June 30, 2020 (December 31, 2019: 1,053), is given below:

| Capital Structure | | |
|--|-------------------------|----------------|
| Shareholder | Share Value (TL) | Share % |
| Demirören Medya Yatırımları Ticaret A.Ş. | 468,732,788.05 | 79.18 |
| Traded on BIST and Other | 123,267,211.95 | 20.82 |
| Total | 592,000,000.00 | 100.00 |

As of the report date, the rate of Hürriyet shares in actual circulation is 20.66%.

The Company shares are traded under "HURGZ" code at Borsa İstanbul Main Market and Hürriyet is a constituent of BIST All Shares (XUTUM), BIST All Shares-100 (XTUMY), BIST Main (XBANA), BIST Industrials (XUSIN), BIST Wood, Paper, Printing (XKAGT), BIST İstanbul (XSIST) and BIST Corporate Governance (XKURY) indices.

As of the date of our report, the structure of the board of directors and the Committees established within the board of directors under the Communiqué numbered II-17.1 are as follows:

| Board of Directors | |
|---------------------------|--------------------------|
| Members | Title |
| Yıldırım DEMİRÖREN | Chairman of the Board |
| Meltem OKTAY | Vice-chairman |
| Fikret Tayfun DEMİRÖREN | Board Member |
| Mehmet SOYSAL | Board Member |
| Mehmet Koray YANÇ* | Board Member |
| Alaattin AYKAÇ | Independent Board Member |
| Orhan KIRCA | Independent Board Member |

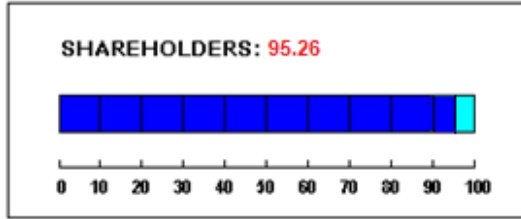
* Only 1 member has executive duty in the board of directors consisting of 7 members.

| Corporate Governance Committee | |
|---------------------------------------|--------------|
| Members | Title |
| Alaattin AYKAÇ | Chairman |
| Orhan KIRCA | Member |
| Süleyman Fatih AYDINER | Member |

| Audit Committee | |
|------------------------|--------------|
| Members | Title |
| Alaattin AYKAÇ | Chairman |
| Orhan KIRCA | Member |

| Early Detection of Risk Committee | |
|--|--------------|
| Members | Title |
| Alaattin AYKAÇ | Chairman |
| Ayşe Özlem ERTÜRK | Member |
| Hüseyin Emrah KURTOĞLU | Member |

SECTION 1: SHAREHOLDERS



SYNOPSIS

| | |
|---|---|
| + | Active Investor Relations Department. |
| + | Policy on donations and grants is established and presented to the general shareholders' meeting for approval. |
| + | General shareholders' meetings are conducted in compliance with the legislation. |
| + | No privileges on voting rights. |
| + | Specific and consistent dividend distribution policy. |
| + | No restrictions on transfer of shares. |
| = | Articles of association do not contain a provision permitting general shareholders' meetings to be held open to public. |
| - | Minority rights are not recognized for shareholders who possess an amount less than one-twentieth of the share capital. |

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

The Company carries out the shareholder relations obligations through Investor Relations Department managed by Mr. Süleyman Fatih AYDINER and Ms. Elif ÖZCAN.

Along with other units of the Company, the "Investor Relations Department" plays an active role in protecting and facilitating shareholders' rights and in particular

the right to obtain and review information, and its duties are as follows;

- To ensure that the records relating to the written correspondence with the investors and other information are kept in a healthy, safe and updated manner.
- To respond to the queries of the shareholders requesting written information on the Company.
- To ensure the general shareholders' meeting is held in compliance with the applicable legislation, articles of association and other Company by-laws.
- To prepare the documents that might be used by shareholders in the general shareholders' meeting.
- To supervise the fulfilment of the obligations arising from capital markets legislation including all corporate governance and public disclosure matters.

Investor Relations Department submits a report to the board of directors at least once a year on its conducted activities. The report on the activities of 2019 has been submitted to us.

We have come to the conclusion that information and explanations that may affect use of shareholders' rights is available up to date on the corporate web site.

1.2. Shareholders' Right to Obtain and Evaluate Information:

There is no evidence of any hindering process or application regarding the appointment of a special auditor at the request of shareholders.

All kinds of information about the Company are provided in a complete, timely, honest, and diligent manner and there is no fine/warning received in this direction within the rating period.

The Company has established a disclosure policy and disclosed it to the public on the corporate web site.

1.3. General Shareholders' Meeting:

Due to the Covid-19 outbreak, the ordinary general shareholders' meeting, which was originally planned to be held on March 30, 2020 was postponed within the scope of the Circular published in the Official Gazette dated March 20, 2020 and numbered 31074.

In addition to the methods of invitation in the legislation and in order to ensure attendance of maximum number of shareholders, the invitation to the general shareholders' meeting held on July 17, 2020 covering 2019 fiscal year is performed through all means of communication available to the Company on June 22, 2020 in accordance with the Corporate Governance Principles.

All announcements prior to the general shareholders' meeting included information such as the date and time of the meeting; without any ambiguity exact location of the meeting; agenda items of the meeting; the body inviting to the general shareholders' meeting; and the exact location where annual report, financial statements and other meeting documents can be examined.

Besides, the Company has prepared a descriptive disclosure document on agenda items.

Commencing from the date of announcement of invitation for the general shareholders' meeting; the annual report, financial statements and reports, and all other related documents pertaining to the agenda items are made available to all shareholders for examination purposes in convenient locations including the headquarters or branches of the Company, and the electronic media.

Shareholders are informed of the total number of shares and voting rights reflecting the Company's shareholding structure as of the date of disclosure and that there are no privileged share groups within the Company capital via the corporate web site.

Agenda items were put under a separate heading and expressed clearly in a manner not to result in any misinterpretations. Expressions like "other" and "various" were not used. Information submitted to the shareholders prior to the conduct of the general shareholders' meeting was related to the agenda items.

Due to the Covid-19 pandemic, our observers did not attend the general shareholders' meeting held in 2020, and the statement of the Company officials was referred for some of the control points highlighted by us in the past years. In this context, it has been declared that items on the agenda were conveyed in detail and in a clear and understandable way by the chairman of the meeting and shareholders were given equal opportunity to voice their opinions and ask questions. The Company statement is in line with the opinion we have reached over the past years.

Agenda of the general shareholders' meeting included the proposal for the permission to be granted to shareholders who have control of the management, members of the board of directors, managers with administrative responsibility, their spouses and up to second degree blood relatives to execute transactions and compete with the Company and/or its affiliates, to make a commercial business transaction for himself or on behalf of others or to join to another company dealing with the same type of commercial business as a partner with unlimited responsibility.

The members of the board of directors related with the issues of a special nature on the agenda, other related personality, authorized persons who are responsible for preparing the financial statements and auditors were present to give necessary information and to answer questions at the general shareholders' meeting.

The Company has established a policy on donations and submitted to the general shareholders' meeting for approval in 2018. Shareholders are informed, with a separate agenda item, on all donations effectuated during the period and the amount of benefits and beneficiaries at this meeting.

Although there is no obstacle in practice regarding holding the general shareholders' meetings open to public including stakeholders and the media without the right to vote, there is no provision in this regard in the articles of association nor in the internal guidelines of the general shareholders' meetings.

General shareholders' meeting is attended by the representative of the external auditor.

1.4. Voting Rights:

There are no voting privileges.

The Company avoids applications that make it difficult to exercise voting rights and all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and appropriately.

1.5. Minority Rights:

Maximum care is given to the exercise of minority rights. However, minority rights are not recognized for shareholders who hold an amount less than one-twentieth of the share capital and the Company has adopted the rate foreseen in the legislation for listed companies.

There is no evidence of any conflict of interest between the majority shareholders and that of the Company.

1.6. Dividend Rights:

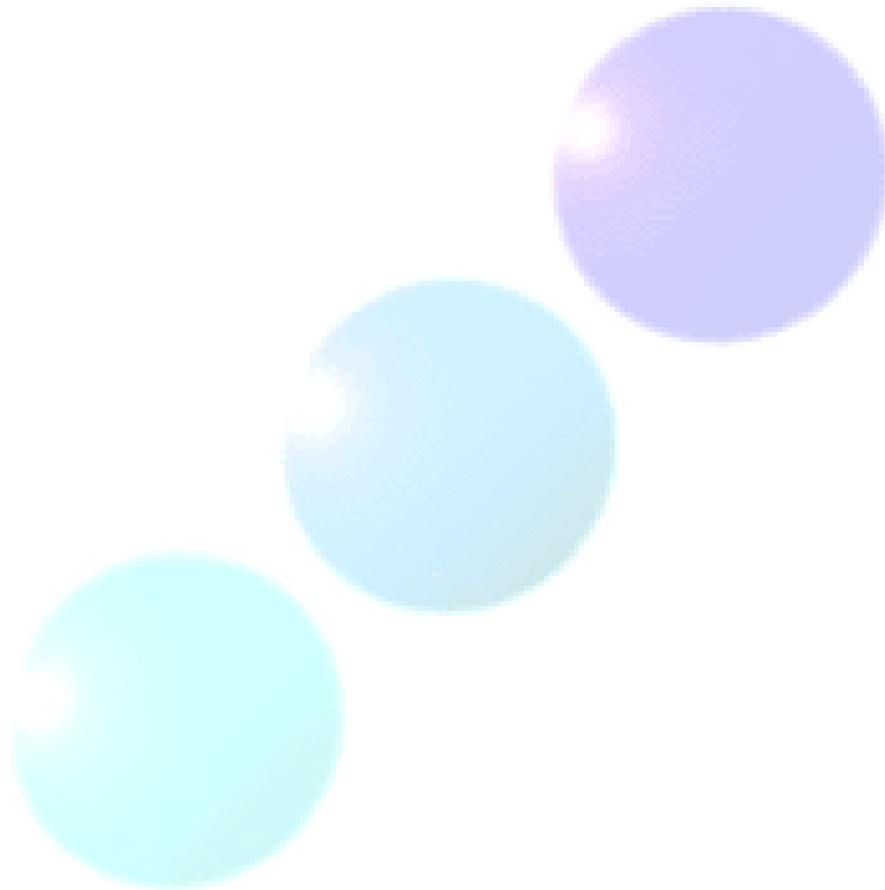
The dividend policy of the Company is clearly defined and disclosed to the public on the corporate web site and submitted to the shareholders for approval at the general shareholders' meeting.

The Company's dividend distribution policy contains minimum information clear enough for investors to predict any future dividend distribution procedures and principles. It has been evaluated that a balanced policy is followed between the interests of the shareholders and that of the Company.

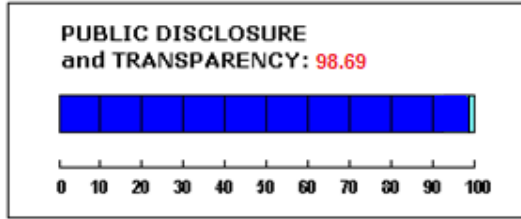
Since there was no profit reported on legal records for the fiscal year 2019, a non-distribution of dividend was approved by a majority vote at the ordinary general shareholders' meeting.

1.7. Transfer of Shares:

Neither the articles of association of the Company nor any resolutions adopted at the general shareholders' meeting contain any provisions that impede the transfer of shares which are publicly traded.



SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



SYNOPSIS

| | |
|---|--|
| + | Comprehensive web site, actively used for public disclosure. |
| + | Annual report complies with the legislation, comprehensive and informative. |
| + | Important events and developments disclosed in accordance with the legislation. |
| + | English version of the web site for international investors. |
| + | List of ultimate controlling individual shareholders are disclosed to the public. |
| - | Benefits provided to board members and senior management is not mentioned on individual basis. |

2.1. Corporate Web Site:

Company's web site is actively used for disclosure purposes and the information contained therein is timely updated.

Along with the information required to be disclosed pursuant to the legislation, the Company's web site includes; trade register information, information about latest shareholder and management structure, information on inexistence of any privileged shares, the date and the number of the trade registry gazette on which the changes are published along with the final version of the Company's articles of association, publicly disclosed material information,

annual reports, periodical financial statements, prospectuses and circulars and other public disclosure documents, agendas of the general shareholders' meetings and list of participants and minutes of the general shareholders' meeting, form for proxy voting at the general shareholders' meeting, disclosure policy, dividend distribution policy, ethical rules of the Company, frequently asked questions including requests for information, questions and notices, and responses thereof.

The Company's shareholding structure; the names, amount and rate of the shares held by the Company's ultimate controlling individual shareholders over 5% as identified after being released from indirect or cross shareholding relationships between co-owners is disclosed to the public along with the privileges they hold and updated bi-annually as per the minimum requirement.

The information contained on the web site exists also in English (exactly same with the Turkish content) for the benefit of international investors. Hürriyet also publishes Material Disclosures Statements disclosed through PDP (Public Disclosure Platform) on its corporate web site in English.

The Company's web site also includes; investor presentations, working principles of the Committees, important board decisions under the heading of material disclosures, the vision/mission of the Company established by the board, information on capital increases and dividend payments, general shareholders' meeting internal guidelines, social responsibility activities, information on senior management, financial data,

main ratio analysis, timetable on events/developments which considers investments, and the human resources policy.

As per the CMB decision dated January 10, 2019 and numbered 2/49 published on the Bulletin no: 2019/2, The Corporate Governance Compliance Report prepared in accordance with the Corporate Governance Communiqué number II-17.1 must be disclosed through the PDP in The Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (CGIF) templates. Hürriyet realized its CGIF and CRF notifications via PDP on March 5, 2020, within the specified notification period.

2.2. Annual Report:

We have come to the conclusion that the annual report is prepared in detail by the board of directors to provide public access to complete and accurate information on the Company. It covers information such as;

- Period covered by the report, the title of the Company, trade register number, contact information,
- The names and surnames of the chairman, members and executive members involved in the management and supervisory boards during the covered period, their limits of authority, tenure of office (with start and end dates),
- The sector in which the Company operates and information on its position in the sector,
- Qualifications of the printing facilities,
- Progress on investments,
- Changes and justifications on the articles of association during the period,
- CGIF and CRF templates access information,
- Information on related party transactions,
- Other issues not included in the financial statements, but are beneficial for users,
- Company's organization, capital and ownership structure and any changes in the related accounting period,
- All benefits provided to staff and workers, information on number of personnel,
- Explanation on privileged shares and their amount,
- Information on board members' transactions with the Company on their behalf or someone else within the framework of permission granted by general shareholders' meeting along with their activities within the scope of restraint of trade,
- Research and development activities,
- Dividend distribution policy,
- Basic ratios on the financial position, profitability and solvency,
- Company's financing resources and risk management policies,
- Information on major events occurred between the closing of the accounting period and the date of the general

shareholders' meeting where financial statements are evaluated.

In addition to the matters specified in the legislation, following issues also took place in the annual report:

- External duties of board members and executives,
- Members of the Committees within the board and the frequency of meetings held,
- Number of board meetings held during the year,
- Changes in legislation which could significantly affect the Company's operations,
- Major court cases against the Company and possible consequences,
- Information on shareholding in excess of 5% of the capital,
- Benefits and vocational training of employees, and other Company activities that give rise to social and environmental results,
- Rating results,
- Corporate Governance Compliance Declaration.

However, benefits provided to board members and senior executives are mentioned collectively, but best application of Corporate Governance Principles dictate that this information is given on an individual basis.

2.3. External Audit:

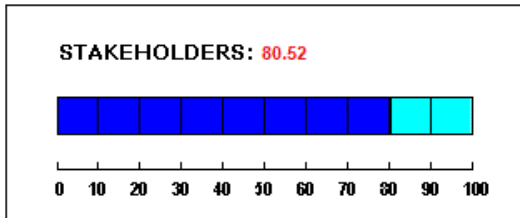
The external audit of the Company is conducted by Vizyon Grup Bağımsız Denetim A.Ş. (member of AGN International).

There has not been a situation during the reporting period where the external auditor avoided to express its opinion and not signed the audit report, nor has reported a qualified opinion. It has been declared that there has been no legal conflict between the Company and the external audit firm.

Independent audit firm and their audit staff did not provide consulting services for a price or free of charge during the audit period.

Neither a consulting company in which the external audit firm is in a dominant position either directly or indirectly in management or capital provided any consulting services during the same period.

SECTION 3: STAKEHOLDERS



SYNOPSIS

| | |
|---|---|
| + | Measures to safeguard stakeholders' rights are facilitated. |
| + | A set of code of ethics is prepared and disclosed to the public. |
| + | A written compensation policy for employees established and disclosed to the public. |
| + | Company is not held liable by any public authority for any punishment/sanctions within the rating period. |
| + | Sustainability policy and practices are satisfactory. |
| = | Social responsibility projects carried out in the past are at a top level. |
| - | No mechanisms to support the stakeholders' participation in the Company management. |
| - | During the rating period, no information was exchanged on issues concerning employees. |

3.1. Company Policy Regarding Stakeholders:

Hürriyet recognizes the rights of stakeholders established by law or through any other mutual agreement. In case the rights of the stakeholders are not regulated by the relevant legislation and protected by contracts, the Company protects the interest of stakeholders under good faith principles and within the capabilities of the Company. Effective and

expeditious compensation is provided in case of violation of the rights.

It has been evaluated that the web site of the Company is actively used to provide adequate information on policies and procedures towards the protection of stakeholders' rights.

The corporate governance structure of the Company ensures that its stakeholders, including its employees and representatives, report their concerns to the management concerning any illegal or unethical transactions.

In addition, a written compensation policy is established and disclosed to the public.

3.2. Stakeholders' Participation in the Company Management:

Hürriyet has not developed any models for stakeholders, particularly employees to participate in management without impeding the operations of the Company. In addition, it has been learned that the stakeholders' views are not taken in important decisions that have consequences for stakeholders. Corporate Governance Principles stated under this heading are advisory principles and stand out as areas open to improvement.

3.3. Company Policy on Human Resources:

The Company has a human resources policy disclosed to public through the corporate web site.

Within this scope, the Company offers equal opportunity to persons with the same qualifications in recruitment and career planning.

In cases which management reshuffle could cause disruptions, succession planning for determination of new manager appointments is in place.

The criteria for recruitment are determined in writing and adhered to. It has been evaluated that employees are treated equally with regard to their rights. Training programs are organized and training policies are developed to enhance the knowledge, skills, and conduct of personnel.

As seen on the 2020 CRF disclosure, no meetings are held for employees on matters such as financial status of the Company, wage, career, education, health, and opinions are not exchanged, decisions taken or developments concerning employees are not notified to employees or their representatives, job descriptions, distribution of duties, performance and rewarding criteria are shared with employees. Although studies have been carried out in the specified areas within the Company in the past years, it has been confirmed by the Company officials that it has not been realized in the current rating period.

It has been declared that efficiency is taken into account in determining the wages and other benefits of employees, that the Company does not discriminate among its employees in terms of their race, religious belief, language or gender, and takes precautions to protect employees against all kinds of physical, emotional or spiritual abuse. These principles are also included in the Company's Human Resources Policy.

There is no active trade union within the Company.

3.4. Relations with Customers and Suppliers:

Hürriyet has taken all necessary precautions to attain customer

satisfaction in the sales and marketing of its products and services. Quality standards in goods and services are complied with and care is taken to protect them.

Care is taken on the confidentiality of all trade secret data and information on customers and suppliers.

We have witnessed no evidence on non-market pricing of goods and services that the Company offers.

3.5. Ethical Rules & Social Responsibility:

Ethical rules of the Company are disclosed to the public on the corporate web site.

Although Hürriyet's activities within the scope of social responsibility are generally considered to be at a top level by us, it is also observed that the projects are out of date. The Company has publicly announced its social responsibility projects through its web site.

Within this scope;

With its "No to Domestic Violence" campaign, Hürriyet has targeted to raise public awareness, to create social awareness, to achieve behavioral changes, and to contribute by providing solutions to the problems in the eyes of the politicians. The aforementioned studies have been awarded by many local and national organizations and non-governmental organizations.

In addition, the «Soma Imagines» project concerning Soma mine disaster is a social responsibility project that came true via Hürriyet newspaper and its news with the contributions of multiple sponsors. This is a project which has intentions of making children of the martyred miners smile and of creating social sensibility

concerning the disaster, and of making the Turkish society remember what happened in the first anniversary of the event which took place in Soma, Turkey in 2014. In the scope of this project, the Company have reached those 301 miners' children under 18 and asked them to express their dreams, then shared them all with Hürriyet readers. Most of the dreams were realized by the readers of Hürriyet themselves, and the dreams of children such as seeing new places and traveling were undertaken by municipalities and various institutions.

Within the scope of the "Freedom Is Our Right Train", another social responsibility project of the Company, between 2008-2011, in many cities with domestic railway connections, theaters, informative studies about human rights, exhibitions, etc. activities have been conducted.

In addition to these, with the donation campaign initiated by the Company and its affiliated Holding, following the Van earthquake, nearly 600 container houses were provided to the residents of the region.

Furthermore, as part of the recycling campaign launched in 2013, Hürriyet collected scrap newspapers from its readers and prevented 3,672 trees from being cut down by recycling them. The income from the project was donated to the TEMA Foundation.

We have come to the conclusion that the Company complies with ethical rules and regulations on the environment, consumers and public health, and shows respect to internationally recognized human rights.

The Company has not been subject to any significant sanctions by the public administrations during the course of the rating period.

In addition, the Company declared through the CRF disclosure that all kinds of corruption, including extortion and bribery, are being fought.

3.6. Sustainability:

According to the information announced to the public on the web site; the Company has policies and internal regulations on environment, nature, energy saving, recycling and education.

An "Environmental Management Department" was established within the Company in 2011 in order to reduce the environmental impacts that may arise as a result of its production and activities and to increase environmental awareness among employees.

The Company continues its sustainability activities under 5 main headings. In this context;

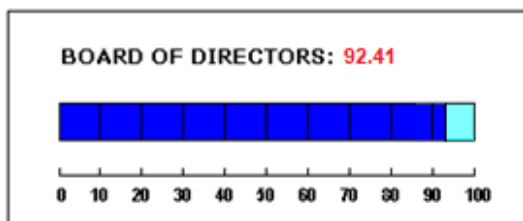
- 1- Energy Management: Various energy activities, including in particular efficient equipment use, are being implemented in all units for the purpose of reducing consumption of energy resources such as electricity and natural gas.
- 2- Environmental Permits and Licenses: The Company has obtained the necessary permits and licenses within the scope of the relevant regulations in its printing facilities in Istanbul, Trabzon and Antalya.
- 3- Management of Water Use: Within the scope of environmental sustainability activities, for the purpose of using water efficiently, water consumption is being monitored by instructions, warning labels, and daily water consumption

reports at production and office floors.

- 4- Prevention of Environmental Pollution: In this context, the Company uses paper recycling bins on office floors, paper, glass, plastic, composite and waste battery collection units in offices and production areas, contaminated material dumping units, HP toner and cartridge collection containers and packaging waste collection containers.
- 5- Waste Management, Disposing and Recycling: The waste generated is determined in waste management plans and approved by Provincial Governorships. Temporary hazardous waste storages approved by the Governorship were established in the regions. The purpose is to store waste, reduce transportation costs, as well as reduce the CO2 emission released into the atmosphere, thereby reducing the carbon footprint.

As of our report date, there are no fines or any lawsuits filed against the Company for damages to the environment.

SECTION 4: BOARD OF DIRECTORS



SYNOPSIS

| | |
|---|--|
| + | The board of directors has been structured in accordance with the Communiqué. |
| + | Two independent members on the board. |
| + | Audit, Corporate Governance and Early Detection of Risk Committees established and working efficiently. |
| + | Principles of remuneration of board members and senior executives are established and disclosed to the public. |
| + | Conduct of the board meetings is specified by the Company's internal regulations and included in the articles of association. |
| = | A Manager Liability insurance exists, but the policy amount is below the limit specified in the Communiqué. |
| = | Duties of Nomination and Remuneration Committees are carried out by the Corporate Governance Committee in accordance with the Communiqué, and the level of effectiveness regarding the scope of activity of these Committees can be increased. |
| - | The board of directors does not have a 25% female membership target, neither a policy towards this goal. |

4.1. Functions of the Board of Directors:

Strategic decisions of the board of directors aim to manage the Company's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the Company. The board administers and represents the Company within these parameters.

The board of directors has defined the Company's strategic goals and identified the needs in human and financial resources, and controls management's performance.

The board oversees that Company activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

4.2. Principles of Activity of the Board of Directors:

It is evaluated that the board of directors performs its activities in a transparent, accountable, fair and responsible manner.

Distribution of tasks between the members of the board of directors is explained in the annual report. In addition, CRF and CGIF templates are included in the content of the decision to be taken by the board of directors regarding the approval of the financial statements and annual reports and the declaration to be made in this context.

The board of directors established various internal control systems which are inclusive of risk management, information systems, and processes by also taking into consideration the views of the Committees. In this context, the board reviews the

effectiveness of risk management and internal control systems at least once a year. The presence, functioning, and effectiveness of internal controls and internal audit are explained in the annual report.

Chairman of the board and chief executive officer/general manager's executive powers are clearly separated in the articles of association.

The board of directors plays a leading role in maintaining effective communication between the Company and the shareholders and settling any disputes which may arise. The board works in close coordination with the Shareholder Relations Unit in this context.

There is a manager liability insurance on compensation for losses incurred by the Company, and third parties, as a result of not performing the executives' duties duly. However the policy amount does not exceed 25% of the Company's capital as advised in the Communiqué.

4.3. Structure of the Board of Directors:

The Company's board of directors is composed of seven members with only one executive member. Among the non-executive board members there are two independent members who have the ability to execute their duties without being influenced under any circumstances.

CMB criteria are complied with in determining independent candidates. The Corporate Governance Committee have prepared a report on the candidates proposed by the board and shareholders, by taking into consideration of whether or not the candidate meets the independency criteria and submitted this assessment as a report to the board for its approval. Independent candidates for

the board of directors have signed a declaration of independence within the framework of the legislation, articles of association, and the CMB criteria.

There is one female member on the board. In addition, regarding the principle of determining a policy or setting a timetable to reach the Communiqué's advisory target of minimum 25% female membership rate on the board of directors, we have seen the meeting minutes of the Corporate Governance Committee's proposal to the board of directors. On the other hand, a policy text approved by the board of directors is not yet available.

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

Board meetings take place with sufficient frequency. As per the notification made through CGIF, the board of directors held 24 meetings in 2019 and the participation rate of the members was 93% (2018: 78%).

Chairman of the board of directors sets the agenda for board meetings in consultation with other members and the chief executive officer.

Information on the agenda items of the board of directors is made available to the members in sufficient time prior to the meeting date by a coordinated flow of information. Each member of the board has a right to one vote.

The conduct of the board of directors meetings, meeting and decision quorums have been defined in the articles of association of the Company.

In case a member of the board of directors is an executive or a member of the board of directors in another company or provides consultancy services to another company, it is essential that the said situation does

not cause conflict of interest and does not hinder the duty of the member in the Company. In this context, members of the board of directors of Hürriyet are subject to certain rules to assume external duties.

4.5. Committees Established Within the Board of Directors:

Corporate Governance, Audit, and Early Detection of Risk Committees are established from within the board of directors in order to fulfil its duties and responsibilities.

Functions of the Committees, their working principles, and its members are designated by the board of directors and disclosed to the public on the Company's web site.

All members of the Audit Committee and the chairmen of the other Committees are elected among the independent board members. The chief executive officer/general manager is not on the Committees. In accordance with the Communiqué, the majority of the members of the Committees are non-executive members. With the exception of the independent members, care is taken to avoid appointment of a board member on multiple committees.

All necessary resources and support needed to fulfil the tasks of the Committees are provided by the board of directors. Committees can invite any manager as they deem necessary to their meetings and obtain their views.

The frequency of Committee meetings is found sufficient. According to the CGIF disclosure, in 2019 the Corporate Governance Committee met 5 times and Audit and Early Detection of Risk Committees held 6 meetings each.

The Corporate Governance Committee is established in order to determine

whether or not corporate governance principles are being fully implemented by the Company, if implementation of some of the principles are not possible, the reason thereof, and assess any conflict of interests arising as a result of imperfect implementation of these principles, and present remedial advices to the board of directors. In addition, it oversees the work of the Investor Relations Department.

In line with the Communiqué, Investor Relations Department manager must be a member of the Corporate Governance Committee. As per the material event disclosure dated September 16, 2020, the newly appointed Investor Relations Department Manager Mr. Süleyman Fatih AYDINER was also appointed as a member of the Corporate Governance Committee.

The Audit Committee;

- Supervises the operation and efficiency of the Company's accounting system, public disclosure, external audit and internal audit systems,
- Determines the methods and criteria to be applied on reviewing complaints that are received by the Company regarding Company accounting, internal and external independent audit systems, within the framework of the principle of confidentiality and finalizes them,
- Following taking the opinion of responsible managers of the Company and the external auditor, notifies the board in writing on whether the annual and interim statements disclosed to the public is in accordance with the Company's

accounting principles, true and accurate,

- Immediately notifies the board in writing on findings related to their duties and responsibilities and the related assessment and recommendations.

Audit Committee members possess the qualifications mentioned in the Communiqué.

The annual report contains information on working principles of the Audit Committee, number of written notices given to the board of directors in the fiscal year and the meeting results. The Committee held 6 meetings in 2019.

The nomination and election process of the external audit firm, taking into account its competence and independence, starts with a proposal from the Audit Committee to the board and ends with the board's choice being presented and approved at the general shareholders' meeting.

The Early Detection of Risk Committee reviews risk management systems at least once a year, achieves early identification of risks that may jeopardize the Company's existence and continued development, implements the necessary measures identified with the associated risks and performs studies to manage such risks.

In accordance with the Communiqué, the Corporate Governance Committee carries out the duties of the Nomination Committee and Remuneration Committee, since they are not established yet. In this context, although the activities of the Corporate Governance Committee regarding the determination of independent candidates have been observed, our opinion is that the effectiveness of the Corporate

Governance Committee in the scope of duty of the Nomination and Remuneration Committees should be increased in general.

4.6. Remuneration of the Board of Directors and Senior Management:

The principles of remuneration of board members and senior executives has been documented in writing and submitted to the shareholders as a separate item in the general shareholders' meeting.

A remuneration policy prepared for this purpose can be found on the corporate web site. Stock options or performance-based payments are not included in the remuneration package of the independent board members.

As disclosed through the CRF notification, the Company does not lend any funds or extend any credits to a member of the board or to senior executives, or grant any personal loans through a third party, or extend any guarantees.

There have been no cases where the executives used confidential and non-public Company information in favor of themselves or others. There are no executives who accepted a gift or favor directly or indirectly related to the Company's affairs, and provided unfair advantage.

There is an insurance policy on compensation for losses incurred by the Company, and third parties, as a result of not performing the executives' duties duly.

Orientation process for newly appointed managers is determined in writing in the Company's internal regulations.

Rating Definitions

| Rating | Definition |
|--------|--|
| 9 - 10 | The company performs very good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated. Deserved to be included in the BIST Corporate Governance Index on the highest level. |
| 7 - 8 | The company performs good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated. Deserved to be included in the BIST Corporate Governance Index. |
| 6 | The company performs fair in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Deserved to be included in the BIST Corporate Governance Index and management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated. |
| 4 - 5 | The company performs weakly as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated. |
| <4 | The company performs very weakly and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern. |

DISCLAIMER

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