

**DARÜŞŞAFAKA SOCIETY 1863**  
**CAPITAL MARKETS BOARD OF TURKEY**  
**(CMBT) RATING GRADE OF**  
**COMPLIANCE WITH THE CORPORATE**  
**GOVERNANCE PRINCIPLES**

## 9.43

Kobirate A.Ş. Contact Person:  
Serap Çembertaş (216) 3305620 Pbx

[serapcembertas@kobirate.com.tr](mailto:serapcembertas@kobirate.com.tr)  
[www.kobirate.com.tr](http://www.kobirate.com.tr)

[DIAGRAM]		
1-SECTION SHAREHOLDERS	I-	<b>91.86</b>
2- SECTION II- DISCLOSURE TRANSPARENCY	PUBLIC AND	<b>95.83</b>
3- SECTION STAKEHOLDERS	III-	<b>97.96</b>
4- SECTION IV-BOARD OF DIRECTORS		<b>93.27</b>

### 1. FIFTH TERM REVISED RATING RESULT

This report regarding the rating Darüşşafaka Society's compliance with the Corporate Governance Principles has been prepared as a result of reviews on the documents, interviews with the executives and related people, and other observations at the Society Center. Rating activity was conducted according to the methodology of Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş.. Capital Markets Board's II-17.1 numbered Communique on Corporate Governance issued on Official Gazette dated 03.01.2004 and numbered 28871 was taken as a basis in methodology and rating process.

Rating process was made under the headings of Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors. The rating grade of DARÜŞŞAFAKA SOCIETY's compliance with the Corporate Governance Principles has been identified as **9.43** according to the methodology prepared by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for "Non-Governmental Organizations" in framework of the above-mentioned headings, and by reviewing 302 criteria. This signifies the following results: (i) Darüşşafaka considerably complies with the Corporate Governance Principles issued by the Capital Markets Board; (ii) the awareness and culture of responsibility has been established towards its members, donors, beneficiaries, all other stakeholders and the community; (iii) high level activities for public disclosure and transparency were

conducted; (iv) internal control systems were established and applied, but certain improvements should be made for corporate governance practices, although it does not pose a vital risk.

- Darüşşafaka has obtained the grade

of **91.86** with regard to the Section of Shareholders. The reasons of this grade can be given as follows:

- The opinion on how the Society allows the use of all the rights related with the Shareholders by internalizing and observing the corporate governance principles.

Membership relations of Darüşşafaka are managed by Tefik SÖZBİR. It has been observed that Mr. Sözbir has the sufficient level of knowledge and experience required by his mission, and that he particularly acts for the protection and facilitation of the use of the membership rights and he pays due regard to the members as they exercise their right to information and examination. Member records are also observed by above-mentioned person and it has been seen that these records are kept in order and updated.

Any information that may affect the use of membership rights has been shared on Society's website to the members. The Society has approved the "Disclosure Policy" and made it public, and explained it in detail within the scope of the right of the members to access to

information in said principles. The right to information and examination has been expanded not only for the use of the members, but also for donors, beneficiaries and all segments of the society.

Ordinary General Assembly, during which activities for the year 2015 were addressed was held on March 26, 2016 since the necessary quorum could not be reached on March 19, 2016. Invitation to the meeting was issued on a national paper on February 25, 2016 and on corporate website of the Society. Besides, all members received a letter dated February 23, 2016 including the invitation, agenda and attachments.

It is governed by Article 18 of the Society By-Laws that the members who have paid all their membership fees until the end of the previous year and who have no dues are entitled to participate in the General Assembly. Again, according to Article 26 in accordance with the Society By-Laws each member is entitled to one right to vote and pursuant to the relevant laws, regulations and the Society By-Laws the member may use this right in person by attending the meeting.

▪ The Society has obtained **95.83** for the Public Disclosure and Transparency Section by complying with the principles since the Society has developed a disclosure policy and made it public, and provided access on its website to a great deal of up-to-date data regarding the Society and its activities, to which the principles refer and which the members, donors, beneficiaries and all other stakeholders could use. The annual activity reports have been prepared in detail and ensured compliance with corporate governance principles. The developments that helped the Society reach that grade are as follows:

-Updating the Disclosure Policy and addressing it in the agenda of the meeting to be held in March 2017 in scope of providing information to the members,

-Continually updating the corporate website and ensuring its efficient use for disclosing information to the public.

▪ Darüßsafaka has obtained **97.96** for the Stakeholders Section. The developments that helped the Society reach that grade are as follows:

-Conducting a comprehensive satisfaction

survey on the employees covering 667 people working in Darüßsafaka and its Affiliated Organizations,

-Initiating a regular and standardized orientation program for newly recruited personnel,

-Evaluating the market conditions and performances in certain profession groups and making improvements accordingly since 2015-2016 term, and additionally making efforts to define fair wage for the academic personnel,

-Updating and implementing HR practices,

-Addressing the Ethical Principles and Rules updated in 2016 in the agenda of the meeting to be held in March 2017 to be presented to the participants of the General Assembly.

-Publishing and delivering the Ethical Rules to the employees and training them in this regard,

-Placing "Questionnaire Box of the Board of Ethics" in all affiliated Organizations.

In 2016, a new unit was opened under the Society. Main objectives of this new Project Management Office (PMO) are "building the capacity of the Society and its Affiliated Organizations in project planning, feasibility and execution skills, determining the project management standards, supporting resource efficiency in projects, providing consultancy to project teams and ensuring coordination of all projects under a single roof, reporting the results of the project to the Management and thus accomplishing successful projects". This unit was established under the General Secretary and its working regulation was prepared and put into effect by the Board of Directors' decision no. 17 on April 5, 2016.

In this section, the Society has achieved considerable extent of compliance with the CPM's Corporate Governance Principles. It has been observed that highly comprehensive and far-reaching policies have been produced for beneficiaries and donors. The procedures to be followed in the course of the Society's procurement of goods and services have been laid down in the regulation; an Asset Management Commission has been set up with a view to safeguarding and appraising the Society's assets, and the relevant working principles have been established. For the staff, a Personnel Regulation has been issued, which regulates staff-related matters such as recruitment, payment, performance appraisal, leaves and social rights.

There is a comprehensive code of ethics which all members, managers and staff are obliged to abide by in an effort to ensure that they act in line with these rules; all relevant individuals have been duly informed. Members of the Board of Directors sign a declaration that confirms that they are aware of the conflict of interest policy and which states that they may have been involved in such conflicts or which shows the conflicts that they were allegedly involved in. In the same vein, the personnel signs a document stating that they read and acknowledge the ethical rules and the policy of conflict of interest, together with the documents signed at the start of work, and this document is kept in employees' personal files.

▪ Dariüşşafaka has obtained **93.27** for the Board of Directors Section, and the Society complies with the CMBT Corporate Governance Principles at a quite good level. The reasons behind this grade are as follows:

-Producing the "Board of Directors Corporate Governance Manual" by the Corporate Governing Commission and implementing it upon being adopted by the Board of Directors' decision no. 20.09.2016/51,

-Making amendments in the By-Laws on "determining the commissions and expert committees to be established and their duties" in line with the corporate structure and operation of the Society,

-Defining the duty and working principles and procedures of Executive Council of the Board of Directors and putting it into effect with the Board of Directors' decision no. 05.04.2016/17,

-Internalizing and developing the activities of the Board of Directors and the corporate governance principles and guiding the employees accordingly.

It is confirmed that the Board of Directors has set the strategic goals with a view to fulfilling the objectives set forth in the Society By-Laws. The goal of the Society has been presented in a clear, informative and motivating manner for various stakeholders including the members, beneficiaries, volunteers, donors, employees, the media and all levels of society. An internal control mechanism has been established and its efficient operation has been ensured.

As per the By-Laws, the Board of Directors is comprised of fifteen associate and five

alternate

members to be elected by secret ballot system by the General Assembly. Again, as per Article 29 of the By-Laws; " Elections will be held every year for the seats of one third of the full number of members of the Board of Directors pursuant to the provisions of clause 27. Any member whose tenure is over may be re-elected." The number of Board members in this scope is sufficient to allow the members of the Board of Directors to conduct efficient and constructive work and to effectively organize the formation and operations of the committees.

Each member has one vote in the Board and no veto is granted to any member.

The positions of Board of Directors Chairman and General Secretary are held by different persons, and the general secretary is not a member to the Board of Directors. By adopting such a practice, segregation between honorary and professional management has been ensured.

The Board has gathered for 30 times in 2016 and took 70 decisions. The participation in the meetings was with 12 members in average.

Execution Council of the Board of Directors held 40 meetings in 2016 and the minutes of the meetings were shared with the concerning parties and persons.

It has been seen that Auditing and Corporate Governance Commissions, to which the principles refer, have been established, and their working principles have been set out in writing in relevant documents. During the monitoring period, 14 (fourteen) meetings were held by the Auditing Commission and 5 (five) meetings were held by the Corporate Governance Commission and the commissions delivered the results and recommendations of the meetings to the Board of Directors in the form of presentation and report.

Apart from these two main commissions, 4 (four) separate commissions and also expert committees were established to support the efficient and dynamic management of the Society. The commissions and the number of their meetings during monitoring period are given below:

-Education Commission, 15 (fifteen) meetings,

-Commission for Donation, Communication and Fundraising, 13 (thirteen) meetings

-Asset Management Commission, 24 (twenty-four) meetings,

-Commission for Student Selection, Matriculation and Acceptance, 9 (nine) meetings.

Opinions and suggestions on the decisions taken at the meetings were submitted to the Board of Directors.

Commission for Residences, Health and Commercial Enterprises built to enhance and sustain operational efficiency was, on the other hand, abolished.