



Corporate Governance Compliance Rating Report



İntegral Menkul Değerler A.Ş.

19 August 2016

Validity Period : 19.08.2016-19.08.2017

LIMITATIONS

This Corporate Governance Rating Report, issued by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş. for İntegral Menkul Değerler A.Ş. is compiled;

in accordance with the criteria stated in CMB's Corporate Governance Directive, no II-17.1, printed on Official Gazette dated January 3rd 2014, numbered 28871; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

The criteria, established for the companies whose shares are traded at BIST, are organized separately as First Group, Second Group and Third Group companies and investment partnerships, taking into consideration the group distinctions stated by CMB's Corporate Governance Principles in Item 2 - Article 5 of directive no II-17,1 issued on Official Gazette on January 3, 2014.

The Rating Report issued by Kobirate International Credit Rating and Corporate Governance Services Inc. is based on 67 copies of documents, data and files transmitted by the concerned firm electronically, including data open to general public and examinations made by our rating experts on site.

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Although rating is an assessment based on numerous data, it is consequently the institutional opinion of Kobirate International Credit Rating and Corporate Governance Services Inc. formed accordingly to the methodology disclosed.

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İNTEGRAL MENKUL DEĞERLER A.Ş.

UNLISTED COMPANY

CMB CORPORATE GOVERNANCE
PRINCIPLES COMPLIANCE GRADE

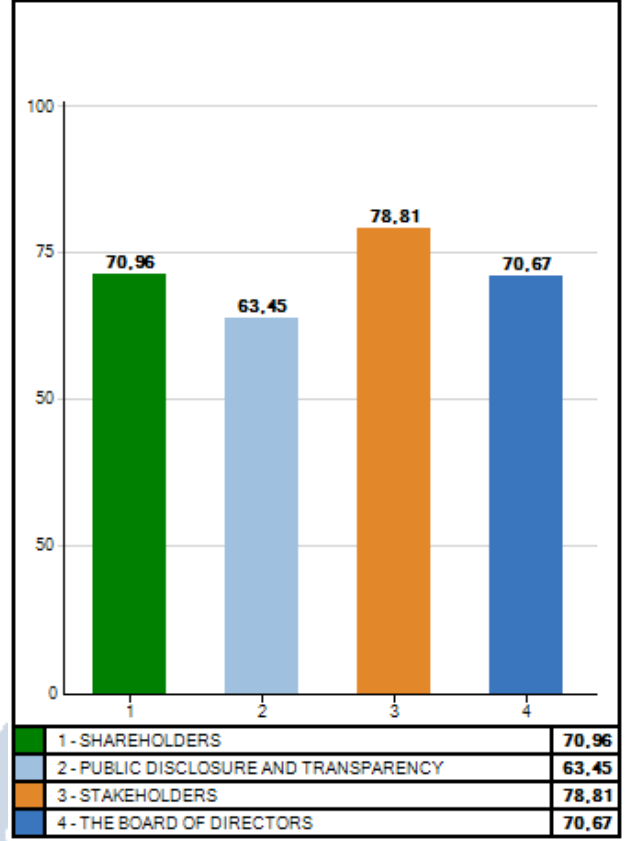
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Kobirate Uluslararası Kredi Derecelendirme
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1. RATING SUMMARY

The process of rating of compliance of **Integral Menkul Değerler A.Ş** with the Corporate Governance Principles has been concluded through onsite examinations of the documents at the head office, interviews held with executives and persons involved, information disclosed to public and of other detailed reviews and observations. Process of rating has been conducted in accordance with Corporate Governance Compliance Rating Methodology developed by Kobirate Uluslararası Kredi Derecelendirme ve Yönetim Hizmetleri A.Ş. Process of rating and methodology has been based on CMB's Corporate Governance Principles Communiqué no II-17,1 published by Official Gazette no 28871, dated January 3, 2014.

The Company has been evaluated through examination of **350** criteria as described by Kobirate A.Ş.'s methodology of "**Corporate Governance Compliance Rating for Unlisted**

Companies". The rating process has been conducted under the main headings of Shareholders, Public Disclosure and Transparency, the Stakeholders and the Board of Directors and Corporate Governance Compliance Rate of Integral Menkul Değerler A.Ş. has been determined as **7.02**.

This result signifies that Integral Menkul Değerler A.Ş has achieved a medium level of compliance with Corporate Governance Principles. Internal control systems have been established and are working, but there is need for improvement. Possible risks for the Company have been determined and are under control. Rights of shareholders are watched, but policies need to be improved. It is seen that public disclosure and transparency activities need improvement. Rights of stakeholders are watched; however the structure and working conditions of board of directors need to be improved.

In view of rating process under main headings in brief;

Integral Menkul Değerler has achieved a grade of **70.96** in the section of Shareholders. It has been observed that the Company has generally achieved compliance with CMB's Corporate Governance Principles. There are no policies that make special audit difficult. Duly and timely convention of general assembly meetings, non – existence of voting privileges and policies making voting difficult, having a dividend policy and disclosing it to public are also seen as salient positive practices.

Integral Menkul Değerler has achieved a grade of **63.45** in the section of Public Disclosure and Transparency. Although it has been deemed positive that some information, referred by principles, is available at its corporate website <http://www.integralmenkul.com.tr/>, the site needs improvement.

Although some information is accessible at the annual report, it is also in need of development.

The Company has achieved a grade of **78.81** in the section of Stakeholders.

In this section, the Company has achieved compliance with the CMB's Corporate Governance Principles to a significant degree. Human resources policy has been established; regulations have been made and disclosed to the employees including recruitment, job descriptions, performance evaluation, promotion, awarding, leave and social benefits.

It has also been observed that business processes and standards have been set forth and that the customers are being informed about them.

Compensation policy for employees has been prepared and disclosed to public.

Ethical Rules have been set forth and introduced to employees to act pursuant to such rules. It is seen that the Company implements some corporate social responsibility projects.

As for the Board of Directors Section, the Company's grade is **70.67**.

It has been determined that Board of Directors supervises management's performance and monitors company activities to ensure that they are in compliance with the legislation, Articles of Association and internal regulations.

The posts of Chairman of the Board and Chief Executive Officer are held by separate persons. There is no one in the Company with sole and unlimited authority to make decisions.

It is our impression that the Board of Directors convenes regularly and meetings are held in compliance with relevant laws, regulations and Articles of Association.

Audit, Corporate Governance, Early Detection of Risk and Remuneration Committees, referred by the Principles, have been established.

On the other hand, the facts that there are two women members of Board of Directors, and that principles of remuneration for top executives are determined and published on the corporate website are seen as important practices in terms of compliance with corporate governance principles.

2. RATING METHODOLOGY

The Corporate Governance Compliance Rating is a system which audits whether or not the firm's 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.

Organization for Economic Co-operation and Development (OECD) established a working group in 1998 in order to assess member countries' opinions on corporate governance and to prepare some non – binding principles.

The fact that principles are open to change in time was also accepted at this work. Although at first these principles were focused on the companies whose shares were quoted in stock exchange, it was emphasized by OECD that it would be also useful to implement these principles in public enterprises and companies whose shares were not quoted in stock exchange.

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

Since their approval, these principles kept the concept of corporate governance on the agenda and became guidelines for the laws and regulations in OECD members, as well as other countries.

There are four basic principles of corporate governance in OECD Corporate Governance Principles. These are: fairness, transparency, accountability and responsibility.

Turkey has been closely monitoring these developments. A working group, established within TUSIAD in 2001, prepared the guide, titled, "Corporate governance: The best implementation code". Then CMB issued "Capital Market Board Corporate Governance Principles" in 2003 and updated it in 2005, 2010, 2012, 2013 and 2014, according to international developments in this field.

Obligation to comply with CMB's Corporate Governance Principles, based on the principle of "implement or disclose", and to declare it became part of companies' lives in 2004. Putting the Declaration of Compliance to Corporate Governance in the annual reports became obligatory the following year.

The principles are grouped under four main headings, namely: the Shareholders, Public Disclosure and Transparency, Stakeholders and the Board of Directors.

The Corporate Governance Compliance Rating Methodology has been prepared by Kobirate A.Ş. for companies whose shares are traded on BIST, banks, investment partnerships and non – quoted companies.

The methodology takes into consideration the criteria stated in CMB's Corporate Governance Communiqué, no II-17.1, published in the Official Gazette edition 28871 on 03.01.2014; as well as CMB's board decisions taken at Board meeting dated 01.02.2013, no 4 / 105.

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

350 criteria are used in the rating process for unlisted companies in order to measure the compliance of firms with corporate governance principles. These criteria are translated into Corporate Governance Rating Question Sets through Kobirate A.Ş.'s unique software.

The weighting scheme for the four main sections in the new Corporate Governance Compliance Rating, determined by CMB's memorandum dated 12.04.2013 and numbered 36231672-410.99 (KBRT)-267/3854, is applied completely by Kobirate A.Ş. The weightings are as below:

Shareholders 25 %

Public Disclosure and Transparency 25 %

Stakeholders 15 %

Board of Directors 35 %

CMB decision dated 01.02.2013 and numbered 4/105 states that in case the minimum requirements of corporate governance principles are met, 85 % of full points can be given at most for that principle and it is required to add new questions / methods into the methodology in order to ensure that good corporate governance principles, which go beyond meeting the minimum requirements are included in the rating grade. Our company has been informed about this requirement by CMB notification dated 19.07.2013 and numbered 36231672-410.99 (KBRT) 452.

In the 2014/2 revised corporate governance compliance rating methodology, created by our company, the grade that can be given to a related criterion in that subsection for

meeting minimum requirements of corporate governance principles, stated by CMB Communiqué of Corporate Governance published on 03.01.2014, numbered II-17.1, is restricted to 85 % of the full points. Remaining 15 % is reached by measuring company's efficiency in applying CMB's Corporate Governance Principles, degree to which the company is internalized these practices and the value that these internalized practices create for the company. The existence of those practices that are not included in CMB's Corporate Governance Principles, but determined as good corporate practices by Kobirate A.Ş. Corporate Governance Compliance Rating Methodology are also considered as part of the remaining 15 % and affect the company's grade.

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 report the following legends have the following meanings:

- ✓ Due / Correct Application of CMB's Corporate Governance Principles
- * Improper / Erroneous Application of CMB's Corporate Governance principles
- ✓/* Practices required to be improved in compliance with CMB's Corporate Governance Principles.

3. COMPANY PROFILE



Company Name : İNTEGRAL Menkul Değerler A.Ş.
Company Address : Büyükdere Caddesi 59. Sokak Spine Tower
No: 243 Kat:2 Maslak/ İSTANBUL
Company Phone : (0212) 444 1 858 (0212) 329 3200
Company Facsimile : (0212) 328 3081
Company Website : <http://www.integralmenkul.com.tr>
Date of Incorporation : 30.03.2010
Registered Number : 730270 İstanbul Chamber of Commerce
Paid in Capital : 10.682.692.-TL

Line of Business : Capital Market Activities

Company's Sector : Securities

Company's Representative in Charge of Rating:

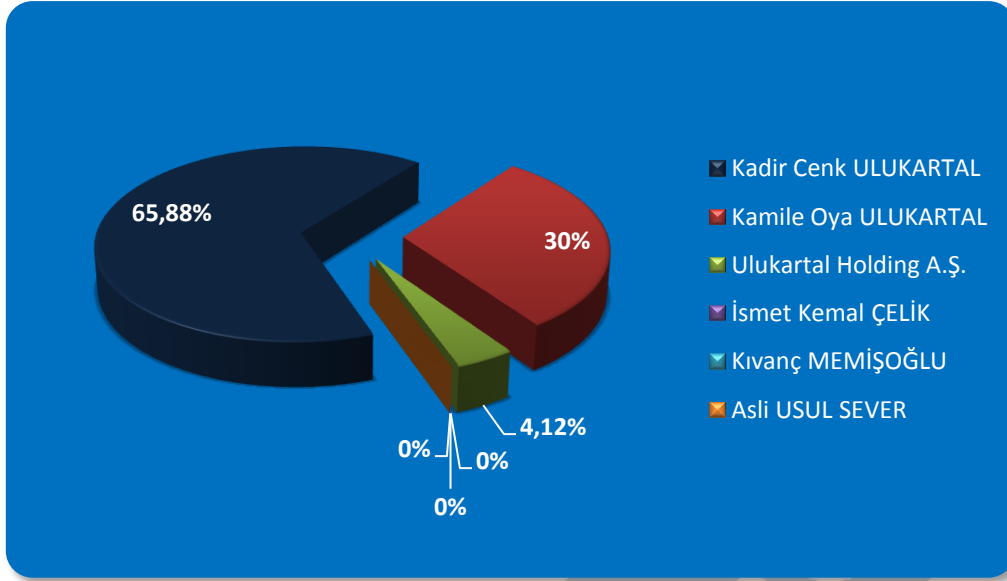
Aslı USUL SEVER

Member of Board of Directors and
Deputy General Manager for Financial Affairs

asliusul@integralmenkul.com.tr

(0212) 444 1 858

Shareholding Structure of the Company (as of report date)



Source: İntegral Menkul Değerler A.Ş.

Shareholder Name	Share (TL)	Share (%)
Kadir Cenk ULUKARTAL	7.037.786,00	65,88
Kamile Oya ULUKARTAL	3.204.807,60	30,00
Ulukartal Holding A.Ş.	440.086,13	4,12
İsmet Kemal ÇELİK	4,09	0,00
Kıvanç MEMİŞOĞLU	4,09	0,00
Asli USUL SEVER	4,09	0,00
Total		100,00

Board of Directors

Name/ Surname	Title	Executive/ Non - Executive
Kadir Cenk ULUKARTAL	Chairman of Board of Directors	EXECUTİVE
Kamile Oya ULUKARTAL	Deputy Chairman of Board of Directors	NON - EXECUTİVE
Osman Önder ULUKARTAL	Board Member Responsible for Internal Audit	NON - EXECUTİVE
Aslı USUL SEVER	Board Member / Dep. Gen. Man for Fin. Affairs	EXECUTİVE
İsmet Kemal ÇELİK	Board Member / Dep. Gen. Man	EXECUTİVE

Top Management

Name/ Surname	Title
Kıvanç MEMİŞOĞLU	General Manager
Aslı USUL SEVER	Dep. General Manager / Mem. Board
İsmet Kemal ÇELİK	Dep. General Manager / Mem. Board
Fatih Doğan ATEŞ	Dep. General Manager

Balance-Sheet Comparison of Company's Certain Selected Items as of the Last Two Years

	2014/12(000)	2015/12(000)	Change %
Total Assets	65.678	107.668	63,93
Trade Receivables	24.862	41.330	66,23
Trade Payables	21.504	38.965	81,20
Paid in Capital	10.500	10.683	1,74
Equity	34.230	59.397	73,52

Source: 2015 İntegral Menkul Kıymetler A.Ş. Independent Audit Report

Profit / Loss Comparison of Company's Some Items as of Last Two Yearends

	2014/12(000)	2015/12(000)	Change %
Revenue	83.357	110.995	33,15
Operational Profit/Loss	31.033	46.862	51,00
Financial Expenses	(84)	(161)	91,67
Period Profit/Loss	24.744	38.241	54,55

Source: 2015 İntegral Menkul Kıymetler A.Ş. Independent Audit Report

Committees formed within Board of Directors:

Audit Committee

Name/ Surname	Title	Duty
Osman Önder ULUKARTAL	Member of Board of Directors	Chairman
Kamile Oya ULUKARTAL	Deputy Chairperson of Board	Member

Corporate Governance Committee

Name/ Surname	Title	Duty
Kamile Oya ULUKARTAL	Deputy Chairperson of Board	Chairperson
Osman Önder ULUKARTAL	Member of Board of Directors	Member
Ayşegül DİCLE	Supervisory Board-Auditor-IR	Member

Early Detection of Risk Committee

Name/ Surname	Title	Duty
Osman Önder ULUKARTAL	Member of Board of Directors	Chairman
Kamile Oya ULUKARTAL	Deputy Chairperson of Board	Member
Haluk ÖZTECİM	Risk Department Director	Member

Remuneration Committee

Name/ Surname	Title	Duty
Kadir Cenk ULUKARTAL	Chairman of Board of Directors	Chairman
Kamile Oya ULUKARTAL	Deputy Chairperson of Board	Member

Other Committees

Credit Committee

Name/ Surname	Title	Duty
Kadir Cenk ULUKARTAL	Chairman of Board of Directors	Chairman
Aslı Usul SEVER	Board Member / Dep. Gen. Man for Fin. Affairs	Member
Kadir AYIK	Intermediary Trading Services Dep. (BİST VİOP Trading Department) Director	Member
Fatma GÜNEŞ	Accounting Manager	Member

Risk Management Committee

Name/ Surname	Title	Duty
Aslı Usul SEVER	Board Member / Dep. Gen. Man for Fin. Affairs	Chairperson
Ayşegül DİCLE	Auditor	Üye
Cem BOLVERDİ	IT Systems Operations Manager	Üye
Fatma GÜNEŞ	Accounting Manager	Üye

Risk Measurement Committee

Name/ Surname	Title	Duty
Saffet ÜLKER	Portfolio Intermediary Department Manager	Chairman
Ozan BATU	Portfolio Intermediary Department Account Representative	Member
Tolgahan ÇAKIR	Portfolio Intermediary Department Account Representative Assistant	Member

Short History and Activities of the Company

Integral Menkul Değerler A.Ş. (“Company” or “Integral Menkul”) was founded on 30.03.2010, within the frame of Turkish Commercial Act.

Head office is at the address of Büyükdere Road 59. Street Spine Tower No:243 Floor:2 Maslak-Sarıyer-Istanbul.

The Company has been established to act as intermediary on bonds and other valuable documents, as well as documents that documents representing financial values and containing exporter’s financial responsibilities, in accordance with Capital Market Law Number 6362 and relevant regulation items. Capital Market Board has authorized the Company as Investment Company with Extended Authorization and continues its activities within this scope.

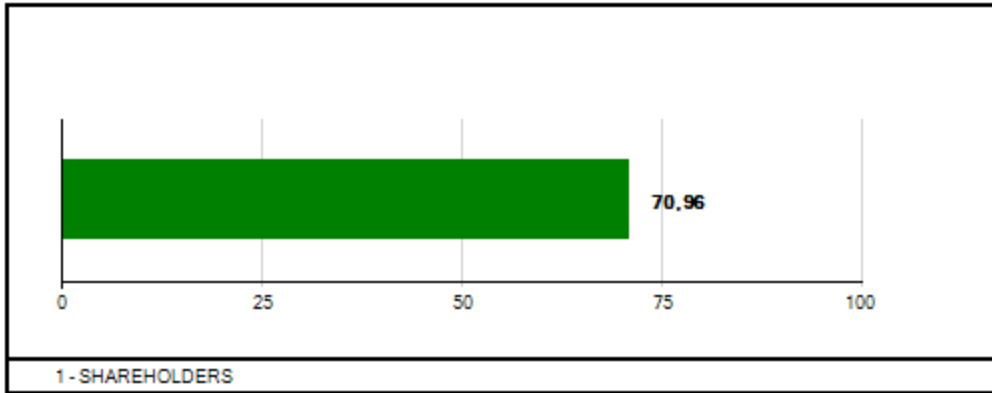
As of 31.12.2015, the Company serves its customers with 149 employees.

The Company has liaison offices in Ankara, Antalya, Gaziantep and İzmir (one in each city).

The Company was transformed into Intermediary Institution with Extended Authorization as of 01.01.2016.

4. RATING SECTIONS

A. SHAREHOLDERS



Overview

- ✓ General Assembly meetings have been held in accordance with relevant laws, regulations and Articles of Association.
- ✓ There is no privilege in voting right.
- ✓ There are no regulations, which make voting difficult.
- ✓ Dividend policy has been prepared and disclosed to public.
- ✓ Internal guidelines about work principles and methods of General Assembly have been prepared and voted by general assembly.
- ✓ Donations and Aids Policy has been prepared and published on the corporate website.
- ✓ There are no restrictions in transfer of shares.

- ✓/* General Assembly meetings are not open to public.
- ✓/* There are no provisions in the Articles of Association about minority rights.
- ✓/* There is no separate department to conduct relations with shareholders.
- ✓/* It would be appropriate to present Dividend, Donations and Aid Policies for the approval of General Assembly.

In this section, as stated CMB's Corporate Governance Principles, the company was evaluated on **93** different criteria, including Facilitation of Shareholders' Rights, shareholders' Right to Obtain and Examine Information, shareholders' right to Attend the General Assembly, shareholders' Voting Right, shareholders' Minority Rights, shareholders' Dividend Rights and shareholders' right to Transfer Shares to whomever they want, whenever they want. The company's grade for this section is **70.96**.

a. Facilitating the Exercise of Shareholders Rights

There is no separate department for relations with shareholders within the Company. Relations with shareholders are conducted by Ayşegül DİCLE (Auditor) and Supervision Board, reporting to Aslı Usul SEVER, Member of Board of Directors and Assistant General Manager. However, it would be appropriate to make a provision stating that relations with shareholders will be conducted by this department and re – make job descriptions according to this provision. The director who manages relations with shareholders has CMB Advanced Level 3 and Corporate Governance Rating Licenses. This official has also assigned

as a member of corporate governance committee.

Publishing information that might affect usage of shareholder rights on the corporate website and updating them whenever necessary will strengthen compliance with corporate governance principles.

b. Right to Obtain Information and to Examine

Some information that is necessary to use shareholders' rights is presented to the shareholders and Company's corporate website <http://www.integralmenkul.com.tr> is used effectively for this purpose. However it is seen that this effectiveness is particularly focused on customers due Company's line of business.

It is our impression that care is given to ensure usage of shareholders' right to obtain and examine information.

The "Disclosure Policy", prepared by Board of Directors, is published on the corporate website. Shareholders' right to obtain information is described in detail within the frame of afore mentioned policies.

Shareholders' right to obtain and examine information is not restricted or cancelled by the Articles of Association or any department within the Company.

There are no regulations and practices that make it difficult for shareholders to exercise their right to request appointment of special auditor from the general assembly. However there are no provisions in the Articles of Association regulating usage of this right. As it is known, this subject is legally insured by Articles 438 and 439 of Turkish Commercial Act.

c. General Assembly

It can be said that Company's policies in the process of General Assembly meeting are compliant with the principles at a good level.

The Company holds General Assembly meetings within the frame of Article 416 of Turkish Commercial Act, without announcement.

General Assembly meeting to discuss activities of 2015 was held on 28.04.2016. In addition to discussing 2015 activities, following developments took place at this meeting;

- Compensation for board members was determined,

- Company's net profit was realized as TRY 38,241,059. After taking out legally required reserves and dividend advance of 2015, it was decided to distribute rest of the profit to shareholders at a time determined by the board of directors,

- In accordance with Article 17 of Articles of Association, board of directors was authorized to distribute dividend advance from the profit of 2016,

- Osman Önder ULUKARTAL was elected as board member responsible for internal audit for 2016,

- Kadir Cenk ULUKARTAL was elected as board member responsible for implementation of remuneration policies for 2016,

- Article 6 of Articles of Association, regarding capital was changed,

- Suggested independent audit firm was approved.

As a result of the review of general assembly minutes, it has been determined that the items on the agenda were separately voted and the results were shared with shareholders before the closure of the meeting.

It is also our impression that the chairman of the meeting took great care to have the issues of the agenda expressed objectively, comprehensively, clearly and simply. Shareholders were able to express their opinions and ask questions under equal circumstances.

It has also been seen that special care was given to express the items clearly in order not to cause different interpretations and to avoid using expressions like “other” or “various”.

It is understood that general assembly meetings convene at suitable place.

The Company has prepared donation and aid policy and disclosed it to public on the corporate website; but it has not been presented yet to the approval of shareholders at the general assembly.

c. Voting Right

Neither the Articles of Association nor the internal procedures contains any difficulties to exercise the voting right and opportunity to exercise their voting rights in the easiest and most convenient manner is given to each shareholder.

There is no privilege in voting right and each share gives right to cast one vote.

It is possible for the shareholders to exercise their voting right in person or by proxies, whether member or not at the general assembly. There is also a provision in the Articles of Association to enable shareholders to attend meetings in the electronic environment.

There are also provisions in the Articles of Association on required majorities for meeting and taking decisions.

The company doesn't have a subsidiary with mutual relationship which brings sovereignty.

Integral Menkul Değerler has achieved a good level of compliance with the principles in this subsection

d. Minority Rights

There are no provisions about minority shareholders in the Articles of Association.

However, there are no internal regulations violating usage of shareholders' basic rights.

e. Dividend Rights

Company's dividend policies are regulated by Articles 17 and 18 of Articles of Association. There is provision in Article 18 enabling distribution of dividend advance.

Dividend Policy has been prepared and published on Company's corporate website. According to this policy;

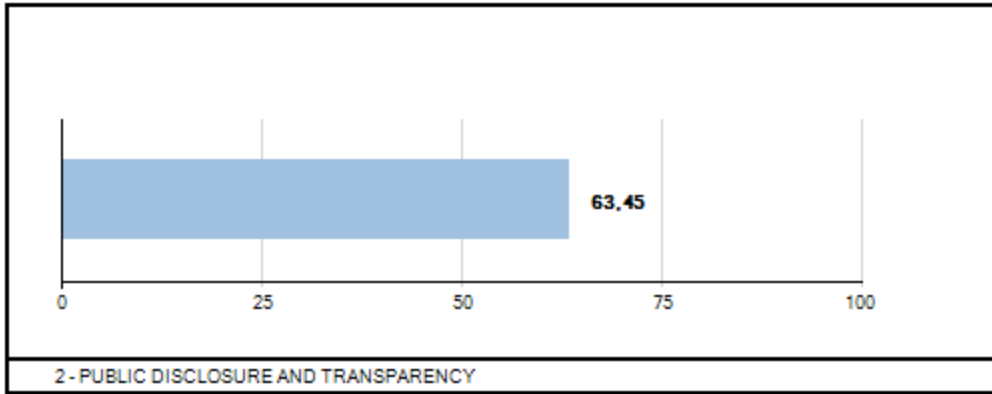
- There is no privilege in participating Company's profit.
- The dividend is distributed to all of existing shares at the date of distribution without taking their dates of issue or acquisition.
- Upon request of the Board of Directors, General Assembly determines the time and method of dividend payment.
- Board of directors can distribute dividend advance, on the condition of being authorized by general assembly and being compliant with Article 509 of Turkish Commercial Act and relevant regulations of Customs and Trade Ministry.

The Company has a good level compliance with Corporate Governance Principles in this subsection.

f. Transfer of Shares

Article 6 of Articles of Association states: “Registered shares can only be transferred with the approval of the Company. Provisions in Articles 492 and 494 of Turkish Commercial Act are applied for transfer of registered shares.” Other than this, there are no restrictions on transfer of shares.

B. PUBLIC DISCLOSURE AND TRANSPARENCY



Overview

- ✓ **Disclosure policy has been prepared and disclosed to public in electronic environment.**
- ✓/* **It would be appropriate to improve corporate website and annual report.**
- ✓/* **It would be appropriate to present the disclosure policy for the approval of shareholders at the general assembly.**
- * **The information on the corporate website is not published in English.**

As for this section, the Company has been assessed by **74** different criteria under the headings of **Corporate Website** and **Annual Report** as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **63.45**

Integral Menkul Değerler does its public disclosures within the scope of its Public Disclosures Policies developed by the board and shared with public.

Disclosure policy and the instruments of this policy aim to provide timely access under equal conditions to full and true information

for public institutions, shareholders, customers and stakeholders.

Aslı Usul SEVER, Assistant General Manager Financial and Administrative Affairs and Fatma GÜNEŞ, Accounting Manager are responsible for public disclosure and authorized for signature.

a. Corporate Website

The corporate website ([http://www.integralmenkul.com.tr/;](http://www.integralmenkul.com.tr/)) is used as an effective platform for public disclosure. However disclosures and information are focused on customers. Arranging disclosure information for efficient usage by other stakeholders as well would strengthen compliance with principles. It would be appropriate if the information on the corporate website includes;

- Commercial registry info,
- Shareholding structure,
- Information about Board of Directors and Top Management,
- Disclosure on whether there are privileged shares in the capital or not,
- Final text of company's Articles of Association and dates and numbers of commercial registry newspapers where changes were published,
- Agendas of general assembly meetings,

- The lists of attendees,
- Proceedings of the General assembly meetings,
- Names of individual shareholders, amount of their shares and ratios,
- Information requests from the company in the section of frequently asked questions,
- And having an English version of all this information.

It is stated in the annual report that some of the above – mentioned information, which is not on the website, can be accessed at the section called “Information Society Services”.

Corporate website includes; vision, mission and principles, “Legal Information” document about company’s areas of activity, prepared in accordance with Article 28 of CMB Communiqué No III-39.1, authorization documents, as well as service and operational licenses given by CMB, annual reports, financial statements and footnotes, privacy policy, disclosure policy, dividend distribution policy, remuneration policy, compensation policy, donation and aid policy, conflict of interest policy, training policy, corporate social responsibility policy ethical guidelines.

In this subsection Integral Menkul Değerler has achieved a medium level compliance with the principles.

b. Annual Report

It is seen that Board of Directors has prepared the annual report in such a detail that it gives public access to sufficient information about company’s activities.

It is possible to reach many topics in the annual report, including;

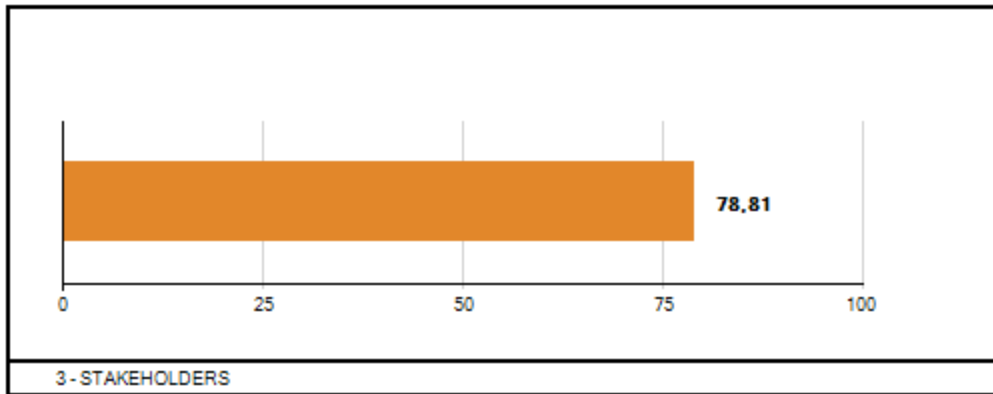
- Distribution of duties of members of Board of Directors, their date of appointment and information about their tenures,
- Information about top executives,
- Information about the capital structure of the company,

- Information about ordinary (and extra ordinary) general assembly meetings,
- Information about the number of employees and financial rights provided for them in addition to fee,
- Summary financial data and information about rating and its results,
- Information about company’s internal control activities,
- Risks and assessments of management in this subject,
- Remuneration Policy,
- Important law suits against company’s management and law suits started by the company and their results,
- Declaration that annual report has been approved by the board of directors.

However, it is clear that annual report is in need of improvement.

It is possible to say that company policy in this section is in general compliance with corporate governance principles.

C. STAKEHOLDERS



Overview

- ✓ Ethical Rules have been formed and disclosed through corporate website.
- ✓ There are no regulations to complicate usage of stakeholders' rights.
- ✓ Many subjects concerning employees, customers and stakeholders have been internally regulated.
- ✓ Employees are provided with a safe and pleasant working environment.
- ✓ There has been no complaint by employees about discrimination and problems in getting their rights.
- ✓ Care is given to confidentiality of information about customers and suppliers on the basis of commercial secrets.
- ✓ Compensation policy has been prepared and published on corporate website.
- ✗ There are no mechanisms that support stakeholders' participation to management.

In this section, the Company has been assessed by 57 different criteria under the headings of Corporate Policies on Stakeholders, Supporting Stakeholders' Participation in Corporation's Management,

Human Resources Policy of the Corporation, Relations with Customers and Suppliers, Ethical Rules and Social Responsibility as laid down in the Corporate Governance Principles of the Capital Market Board, for which the Company has deserved the grade of **78.81**.

a. Corporation's Policy on Stakeholders

The Corporate Governance Principles describe the stakeholders as an individual, organization or interest group as employees, creditors, customers, suppliers, trade unions and various non-governmental organizations that have an interest in attainment of company's objectives or in its operations.

Upon examination of documents and inquiries at the office, it is our impression that Integral Menkul Değerler protects stakeholders' rights, which are specified in regulations and mutual agreements. It is thought that the company respects stakeholders' rights specified in regulations and mutual agreements. The impression is that in case of lack of any regulations, the company respects stakeholders' rights within goodwill rules and company's reputation.

Stakeholders are adequately informed on company policies and procedures to protect

their rights and company's corporate website is being actively used for this purpose.

Compensation Policy for employees, based on Labour Law dated 22.05.2003, No 4857, has been prepared and disclosed to public via corporate website after the approval of board of directors.

In this subsection the company has achieved compliance with the Principles.

b. Supporting the Participation of the Stakeholders in the Corporation's Management

There are no provisions in regulations or Articles of Association, enabling the management to get stakeholders' opinions in subjects related to company and employees' participation to management.

Although it has been learned that written or oral information is given and exchange of opinions are taking place in subjects that directly concern stakeholders, some improvements are necessary in this subsection in order to strengthen compliance with principles.

c. Human Resources Policy of the Corporation

Procedures on recruitment, working conditions, performance and disciplinary practices, power and responsibilities of employees, remuneration, health rights, leave rights, promotion, task alteration and dismissal, death, resignation, retirement and training have been developed and it is thought that the company sticks to these policies in practice.

Both during development of the policies and in implementation of them we got the impression that equal opportunity is given to individuals under equal conditions.

Recruitment and career planning procedures have been developed and it has become a tradition to comply with these procedures.

Performance and reward criteria have been established and disclosed to employees; it has also been learned that in determination of benefits provided to employees above mentioned criteria are followed.

The company carries out training programs to increase knowledge, capability and experience of the employees. Training policy to this end has been prepared and disclosed to public through corporate website. Training programs below were provided in 2016;

- a) Work Health and Safety,
- b) Communication within company,
- c) Sale techniques (Only for Sales and Marketing departments)
- d) Leadership training for managers.

It has been learned that the Company has given sufficient information - orally and in writing – to employees in subjects like remuneration, career, training and health.

Organizational structure of the Company is determined according working conditions. Departments and number of employees for each department are determined through written regulations. It is determined that 149 people are employed in the head office and 4 liaison offices as of yearend 2015.

As a result of examinations carried out at the company and interviews conducted with employees; it is learned that a safe work environment and conditions are provided for the employees and there are no discriminations against employees based on race, religion, language and gender.

There are no stock plans for the employees.

Employees are not registered to any unions.

It is our opinion that in this subsection Integral Menkul Değerler has achieved compliance with corporate governance principles.

d. Relations with Customers and Suppliers

Relations with customers and suppliers are conducted through detailed contracts.

Information and documents obtained from customers and suppliers during business activities are kept confidential and secure within the scope of trade secret security, not to be reached by unrelated individuals.

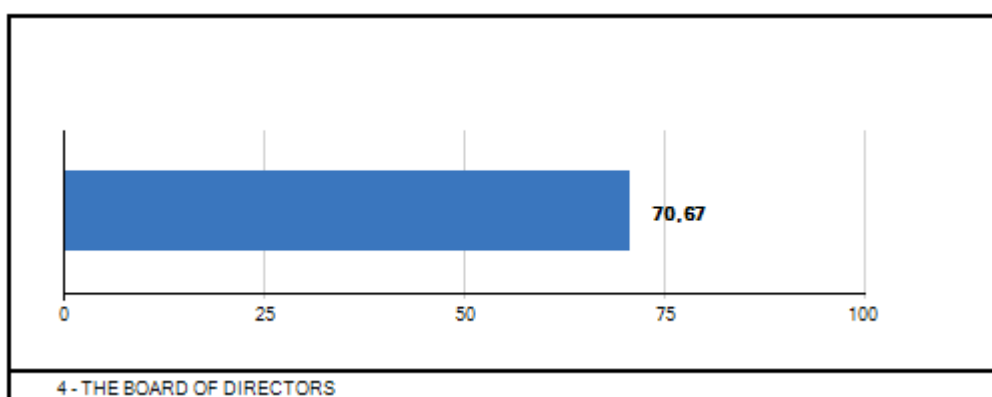
In this subsection, the Company has achieved a good level of compliance with the principles.

e. Ethical Rules and Social Responsibility

Ethical Rules Guidelines, required to be complied by all employees have been laid down, approved by the Board of Directors and published on the company website. The sanctions to be applied in case of an unethical behaviour by employees are set forth in disciplinary regulations and labour contracts.

The Company has prepared its Corporate Social Responsibility Policies, determined basic principles of activities in this field and disclosed it to public on its corporate website. Sponsorships that can be assessed among Corporate Social Responsibility activities are also disclosed to public on the corporate website.

D. BOARD OF DIRECTORS



Overview

- ✓ Company's strategic targets, as well as human and financial sources it requires have been determined by the Board of Directors.
- ✓ The posts of Chairman and CEO are carried out by separate individuals.
- ✓ The number of Board Members is adequate for them to work productively and creatively.
- ✓ Every Board Member has one vote.
- ✓ There isn't any loan/credit involvement between Board Members and Company.
- ✓ There are two women Board Members.
- ✓ Corporate Governance, Audit, Early Detection of Risk and Remuneration Committees have been established and their work principles have been determined.
- ✓ Possible damages to the company due to defects of Board of Directors Members while performing their duties are collateralized.
- ✓/* The committees need to be functional and work efficiently.
- ✗ Majority of board members are executive members.
- ✗ There are no independent board members.
- ✗ There is no practice of self-criticism and performance evaluation for the

Board of Directors and no dismissal and rewarding of Board Members within this frame.

In this section, the Company has been assessed by **126** different criteria under the headings of Function of the Board of Directors, Principles of Activity of the Board of Directors, Structure of the Board of Directors, Procedure of Board of Directors Meetings, Committees Formed within the Structure of the Board of Directors and Financial Rights Provided for Members of the Board of Directors and Executives as laid down by the Capital Market Board's Corporate Governance Principles and it has achieved the grade of n **70.67**.

a. Function of the Board of Directors

By the strategic decisions it takes, Board of Directors manages and represents the company, keeping the risk, growth and return in balance with a reasonable and prudent risk management approach, paying attention especially to company's long term interests.

In this sense, Board of Directors has described corporate strategic objectives, and determined the required human and financial resources.

Board of Directors monitors company activities to be in compliance with

regulations, Articles of Association, internal procedures and policies and audits management performance.

Board of Directors is authorized to make decisions, to determine the strategy and represent the company at the highest level.

In this subsection, Integral Menkul Değerler has achieved a good level compliance with the principles.

b. Principles of Activity of the Board of Directors

The Board of Directors has developed internal control systems including risk management and IT systems and processes to minimize effects of risks on stakeholders, starting with shareholders. It has been learned that the Board reviews at least once a year the effectiveness of risk management and internal control systems. Board of Directors has assigned Osman Önder ULUKARTAL as the Board Member responsible for Internal Control.

Posts of Chairman of the Board and General Manager are hold by different individuals.

Our impression is that the Board of Directors plays a leading role in the maintenance of effective communication and in easing and resolving disputes that might arise between the company and the shareholders.

Powers and responsibilities of the Board of Directors are described in the Articles of Association in a fashion that is clearly distinguishable from those of executive managers and general assembly.

It has been observed that the Board of Directors is in continuous and effective cooperation with managers while performing its duties and responsibilities and they attend Board meetings whenever necessary.

Possible damages to the company due to defects of Board of Directors Members while

performing their duties have not been collateralized by insurance.

In this subsection, it can be said that company policies are in compliance with corporate governance principles.

c. Structure of the Board of Directors

Company's Board of Directors comprises 5 (five) members; including 1 (one) Chairman and 4 (four) members. The requirement of having at least 5 members to form the Board has been met and the number of Board Members found sufficient to serve effectively and constructively and to form and organize activities of committees.

The Board of Directors comprises executive and non-executive directors, but majority of the members are executives. Currently 3 (three) members are executive members and 2 (two) of them are non – executive members. There are no independent members in Board of Directors, who meet the criteria described by corporate governance principles.

The fact that there are two women members of board has been found positive.

Increasing the number of non – executive members in the Board of Directors and ensuring independence – in line with the criteria determined by principles – of at least two of them would strengthen company's compliance with the principles.

d. Procedure of Board of Directors Meetings

Procedure of Board of Directors meetings has been regulated in Article 10 of the Articles of Association.

Board of Directors held 103 meetings in 2015 and 39 as of May 2016.

Each member has one voting right at the Board of Directors. There are no privileges or veto rights given by Articles of Association for any board members.

Upon examinations conducted at the office and over records it has been determined that Board of Directors meetings take place in line with existing related provisions in internal regulations and the Articles of Association on board meetings.

Procedure of the Board of Directors meetings has been put in writing through internal regulations and approved by the Board of Directors.

In this subsection, Integral Menkul Değerler has achieved good level compliance with the Corporate Governance Principles.

e. Committees formed within the Structure of the Board of Directors

In order for the Board of Directors to fulfill its duties and responsibilities soundly, *Audit, Corporate Governance, Early Detection of Risk and Remuneration* Committees have been established. A Separate Nomination Committee has not been established. It has been thought that duties of this committee can be carried out by the Corporate Governance Committee. However these committees are not being run efficiently at the moment and they are expected to be activated.

The subject of establishment of *Audit, Corporate Governance and Early Detection of Risk* Committees has been discussed and decided by the Board of Directors at its meeting on 29.07.2016, No 2016/54.

The committees comprises following members:

Audit Committee

Name / Surname	Title	Duty
O. Önder ULUKARTAL	Chairman of Board	Chair.
K. Oya ULUKARTAL	Deputy Chairperson of Board	Member

Corporate Governance Committee

Name / Surname	Title	Duty
K. Oya ULUKARTAL	Deputy Chairperson of Board	Member
O. Önder ULUKARTAL	Board Member	Member
Ayşegül DİCLE	Internal Audit /IR	Member

Early Detection of Risk Committee

Name / Surname	Title	Duty
O. Önder ULUKARTAL	Chairman of Board	Chair.
K. Oya ULUKARTAL	Deputy Chairperson of Board	Member
Haluk ÖZTECİM	Risk Unit Manager	Member

Remuneration Committee

Name / Surname	Title	Duty
K. Cenk ULUKARTAL	Chairman of Board	Chair.
K. Oya ULUKARTAL	Deputy Chairperson of Board	Member

Other committees comprising board members and professional executives are actively working. These committees are; Credit Committee and Risk Measuring Committee. Their membership structures are described on pages 10 and 11 of our report.

Credit Committee held 65 meetings in 2015 and 24 in 2016 as of the end of May. Within the same periods Risk Management Committee held 5 and 2 meetings and Risk Measuring Committee 12 and 5 meetings.

All resources and support that is necessary for the committees to fulfill their duties are provided by the Board of Directors.

The committees invite any managers to their meetings if they need their opinions.

Internal audit activities are carried out within the frame of Internal Audit Plan, prepared based on risk assessments.

It is our opinion that in this subsection the company has not achieved compliance in general to Capital Market Board's corporate governance rules.

f. Financial Rights Provided for Members of the Board of Directors and Executives

Guidelines of remuneration of board members and top executives have been written and disclosed to public in the electronic environment.

However, remuneration and all other benefits provided to directors and top executives are not disclosed in the annual report on individual basis or by making distinction between board of directors and executives.

There is no performance based assessment for board members. There is no policy of rewarding or dismissing members based on their performances.

It has been learned that the Company has not lent or extended loan to any member of board or top executive or made available any credit under personal loan through any third person or provided securities such as surety in favour of them.

In this subsection it has generally been seen that the Company has achieved partial compliance with Capital Market Board's corporate governance rules.

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

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

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