



Corporate Governance Rating

Rating Revision



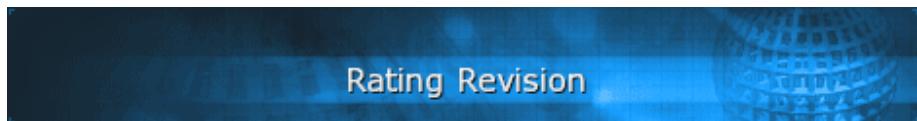
VESTEL

22 February 2016

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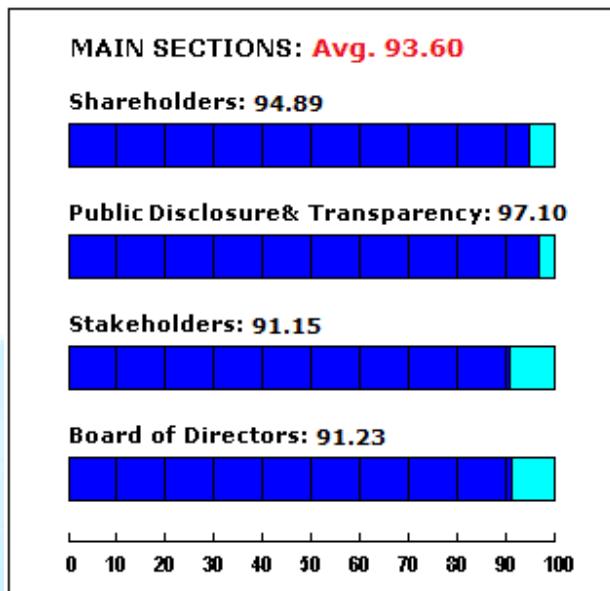


VESTEL ELEKTRONİK SANAYİ VE TİCARET AŞ



Corporate Governance Rating:

9.36



RATING REVISION

The Corporate Governance Rating (9.12) that has been assigned to Vestel Elektronik Sanayi ve Ticaret AŞ on 22.02.2015 is hereby revised up to **9.36**. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles".

In consideration of Vestel's determination to apply corporate governance principles, its willingness to manage this process dynamically and continuously, and finally the improvements implemented over the last twelve months since the publication of the previous report, the corporate governance rating of the company is updated and confirmed as above.

Furthermore, Vestel's degree of compliance with the Corporate Governance Principles is rated within the top Group 1 countries as categorized by the World Corporate Governance Index (WCGI), which is issued by SAHA on 07.08.2015. The details of the World Corporate Governance Index (WCGI) can be reached at www.saharating.com

Main improvements that affected the above revision are:

- The company's shareholding structure; the names, amount and ratio of shares held by the company's ultimate controlling individual shareholders as identified after being released from indirect or cross shareholding relationships between co-owners is disclosed to the public on the corporate web site.
- The following information are now disclosed to the public in the Annual Report of the company:
 - The benefits provided to employees and workers and total number of employees and workers
 - Signed declaration of independence of the independent board members.
 - The member of the committees within the board and the board's evaluation on the effectiveness of the committees.
 - The board's explanation on whether the corporate governance principles are applied, if not, reasons thereof, and information on revision plans on those unapplied principles for the future.
- A written compensation policy for the employees is effectuated and disclosed to the public on the corporate web site.
- Losses that may be incurred by the company as a result of misconduct by the board members during execution of their duties are insured at the amount of 17% of the share capital and disclosed to the public.
- A time frame and ratio of 25% are formally targeted for the number of female members on the board of directors.
- The orientation process for newly appointed executives is documented in writing.

The sub-section ratings are confirmed as follows:

Sub Sections	Weight	Rating
Shareholders	25%	94,89
Public Disclosure and Transparency	25%	97,10
Stakeholders	15%	91,15
Board of Directors	35%	91,23
Total		93,60

Rating Methodology

SAHA's methodology for rating the 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 Holding'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.

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.

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.
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 on the highest level.
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. 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

This Corporate Governance Rating Revision has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) based on information made available by Vestel Elektronik Sanayi ve Ticaret AŞ and according to the Corporate Governance Principles by the Turkish Capital Markets Board as amended on 2005.

This revision, conducted by SAHA A.Ş. analysts and based on their best intentions, knowledge base and experience, is the product of an in depth study of the available information which is believed to be correct as of this date. It is a final opinion about the degree of sensitivity of a company to its shareholders' and stakeholders' rights, its commitment to public disclosure and transparency, and conduct and credibility of its board of directors.

The contents of this revision and the final corporate governance rating should be interpreted neither as an offer, solicitation or advice to buy, sell or hold securities of any companies referred to in this report nor as a judgment about the suitability of that security to the conditions and preferences of investors. SAHA A.Ş. makes no warranty, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

SAHA A.Ş. has embraced and published on its web site (www.saharating.com) the IOSCO (International Organization of Securities Commissions) Code of Conduct for Credit Rating Agencies and operates on the basis of independence, objectivity, transparency, and analytic accuracy.

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