

(Convenience translation of the report of applying agreed upon procedures originally issued in Turkish)

Argüden Yönetişim Akademisi

**Report of independent auditors applying
Agreed upon procedures**

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**Report of independent auditors on
Applying agreed upon procedures**

To the Board of Directors of Argüden Yönetişim Akademisi,

We have performed the procedures based on the agreement dated on December 8, 2016 and enumerated below with the respect to the operations of Argüden Yönetişim Akademisi (Academy) throughout 2016, set forth in the accompanying schedules. Our engagement was undertaken in accordance with the Turkish Standards on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" applicable to the agreed upon procedures engagements.

The procedures were performed solely to assist you in evaluating the validity of operations of the Academy, the data/information recorded and the validity of the "Resources" table disclosed and published in the Annual Impact Report of the Academy and are summarized as below;

1. Understanding the business and operations conducted, during the study to have detailed discussions with the process owners, the Impact Report for the financial information /data was verified on selected samples and supporting written information/documentation were examined.
2. We have requested the confirmations of bank accounts with the Academy's records as of December 31, 2016. In accordance with "Conditional Donation Agreement" signed between the Academy and Boğaziçi University Foundation (BÜVAK) in December 1, 2014, BÜVAK has been authorized to collect donations under the "Argüden Governance Academy Conditional Donation Fund". All monetary transactions such as received donations and expenses incurred are carried out through banks. Selected donations and expenses are matched with provided bank statements. Since all of the accounting related and financial transaction are conducted by the staff of BÜVAK and all the donations to the Academy are transferred to BÜVAK's bank account; the audit of balances were performed through reports presented by BÜVAK and it is observed to be in accordance with the tables. No procedures has been applied by us on BÜVAK's records. BÜVAK has been audited by Directorate General of Foundations and another independent auditor.
3. The numbers listed in the "Resources" table of the Impact Report consists of two groups; namely "Expenditures" incurred in real terms and "Voluntary Contributions" calculated based on the estimations. "Expenditures" incurred for the group have been tested and confirmed by randomly selected 25 invoices amounting to TRY 55.560. Calculations of the "Voluntary Contributions" group is based on "the estimated monetary value of the activity" have been determined/ verified by written quotes obtained for similar activities or declared by volunteers and registered by the Academy staff and monetary value of the volunteer time is calculated according to the standards set by the Board of Directors' Decision of the Academy dated December 12, 2015. Regarding "Voluntary Contribution Hours", five projects were selected by sampling from the Voluntary Hours of "Management, Public Sector, Private Sector and Civil Society" among the classifications made on sectoral basis by the Academy and monetary value of the volunteer time has been verified by the Decision of the Board of Directors.

Because the above procedures do not constitute either an audit or review made in accordance with Turkish Standards on Auditing or Turkish Standards on Review Engagements (or relevant national standards or practices), we do not express any assurance on the "Resources" table as of December 31, 2016.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Turkish Standards on Auditing or Turkish Standards on Review Engagements, other matters might have come to our attention that would be reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the accounts and items specified above and does not extend to any financial statements of Academy, taken as a whole.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Ethem Kutucular
Engagement Partner

April 26, 2017
Istanbul, Turkey

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1. Understanding the business and operations conducted, during the study to have detailed discussions with the process owners, the Impact Report for the financial information /data was verified on selected samples and supporting written information/documentation were examined.
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Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
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Ethem Kutuchlar
Engagement Partner

April 26, 2017
Istanbul, Turkey

Appendix 1

(Convenience translation of the report of applying agreed upon procedures originally issued in Turkish)

Findings related to the agreed upon procedures performed

Based on the agreed upon procedures agreement dated on December 8, 2016 we have performed the procedures for cash inflow and outflows occurred throughout 2016.

Cash based revenue and expenditure for the year 2016, which are the bases of our work, are summarized as follows:

All monetary transactions related to donations are carried out through banks. Donations and expenses are matched with provided bank statements. Since all of the accounting related and financial transaction are conducted by the staff of Boğaziçi University Foundation (BÜVAK) and all the donations to the Academy are transferred to BÜVAK's bank account; the audit of balances were performed through reports presented by BÜVAK and it is observed to be in accordance with the tables. No procedures has been applied by us on BÜVAK records.

Revenue:

The Academy's revenues for the year ended December 31, 2016 consist of 7 donations amounting to TL 1.209.700 provided by 4 different institutions.

Expenditures:

The Academy's total expenditures for the year ended December 31, 2016 amounting to TL 827.291 and the details of these expenses are as below:

	Expenditure TL	Leverage TL	TL	Voluntary Contribution Hours
Education	183.736	118.938	39.038	171
Research	270.653	30.896	27.944	128
Communication	89.776	263.674	77.116	383
Management	283.126	83.839	41.444	192
Total	827.291	497.347	185.542	874

The definitions of the term used in above table are as follows;

Expenditure TL: The reel expenditure amount of the Academy.

Leverage TL: Cash or in-kind contributions provided by the stakeholders of the Academy.

Voluntary Contribution TL: The contributions of the volunteers (in terms of service or service hours dedicated) which is based on "the estimated monetary value of the activity" that has been determined/verified by written quotes obtained for similar activities or declared by volunteers and registered by the Academy staff and monetary value of the "volunteer time" is calculated according to the standards set by the Board of Directors' Decision of the Academy dated December 12, 2015.