



SAHA

Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş.

**WORLD CORPORATE GOVERNANCE
INDEX REPORT 2017**

SAHA RATING UPDATED WORLD CORPORATE GOVERNANCE INDEX

SAHA Rating has completed its revised World Corporate Governance Index (WCGI). Countries belonging to the index were determined as a result of this study. Index consists of countries which obtained a grade of 60 and over out of possible 100. Following the examination of a total of 150 countries, they were divided to 5 main groups; with Group 1 representing the highest scorers and Group 5 the lowest. Henceforth, during the corporate governance rating process of the companies, SAHA will also declare the index group in which the company belongs to.

PURPOSE

With this initiation, the purpose of SAHA is to compare the corporate governance infrastructures and applications in 150 countries around the world, so the businessmen and investors can be provided with an opinion. In addition, one of the main objectives of SAHA Rating is to ensure comparability of the corporate governance rating grades assigned to companies. As world trade increase exponentially in recent years, so does the number of countries which attract investment and trade rise rapidly. The level of corporate governance compliance of a company worked with or which has been invested into, is directly proportional to the country's corporate governance infrastructure. Management of the state, traditions of conducting business and the legal infrastructure either facilitate or make it complicated for the compliance of the companies. The method of application of corporate governance principles varies at each country or larger geographical regions (such as Asian countries). This fact corresponds with the OECD's "one size does not fit all" principle. Some countries make the implementation of the principles a legal requirement, while others retain a voluntary approach.

However, the unchangeable four principles of corporate governance; Fairness, Transparency, Responsibility, and Accountability are universal and apply to all countries in the world. Implementation of these four main principles is only possible with an adequate infrastructure. Thus, comparing countries' corporate governance infrastructures and the examination of their qualifications in areas such as independent board membership or social responsibilities will provide an opinion to us.

METHODOLOGY

SAHA has conducted a study which examined the corporate governance infrastructure and implementation of countries around the world with a comparative understanding, eventually constituting a world corporate governance index. This study determined whether each country has a corporate governance code, and if there is, an evaluation in regard to the identification of the content of the code, independent board membership, barring privileges, social responsibilities, etc. was conducted. Likewise, the presence and age of stock exchanges of countries, and whether there is a corporate governance index in the exchange have been identified. The existence of a capital markets board and a banking supervisory authority which is an integral part of the stock exchanges, are also questioned, and reached end-stage of each country's political rights and personal freedoms were determined. A corruption perception index is used to measure the environment to conduct business for firms and entrepreneurs. Finally, the presence of the non-governmental organizations operating in the field of corporate governance was investigated. Eventually, each country is given a grade upon weighing all these components and they are separated by 5 main groups according to

their grades, with Group 1 representing the highest scorers and Group 5 the lowest. The first two groups gained the right to enter the index, and groups 3, 4, and 5 remained outside.

CONTENT OF INDEX GROUPS

GROUP 1

This group consists of 80 and higher-scoring countries as a result of grading under the principles of corporate governance. Just worth noting, however, that no country received a perfect grade of 100. This year Group 1 includes 19 countries. Among developing countries; Turkey, Colombia and Peru are still included in this group. In this group; UK, Japan, United States, France, Sweden, Finland, and Austria are outstanding countries with their scores. First group of countries have fully deserved to take part at the top of the index with their corporate governance infrastructures as well as their implementations.

GROUP 2

Group 2 of the index consists of countries which obtained a grade between 60 and 80. There are 40 countries in this group. Some of the group 2 countries do not have an authority with a sole mission of 'banking regulation and supervision' and some countries do not have a 'corporate governance index' or 'sustainability index' in their stock exchanges. However, inspite of some countries which have positive marks in aforementioned categories, they could not take part in Group 1 because of their position in the corruption perception index and their position in Freedom House's report. Probably Tunisia, Brazil, Singapore, Malaysia, and Luxembourg can be promoted to Group 1 in coming years because their scores are almost 80. Group 2 consists of countries eligible to enter the index, but they must take further steps in the field of corporate governance.

WORLD CORPORATE GOVERNANCE INDEX (WCGI) GROUPS

Here Below are the 19 Countries Which Take Place in WCGI Group 1 With a Grade Above 80:

Australia
Austria
Belgium
Canada
Colombia
Denmark
Finland
France
Germany
Iceland
Japan
Korea
Norway
Peru

Sweden
Switzerland
Turkey
United Kingdom
United States

Here Below are the 40 Countries Which Take Place in WCGI Group 2 With a Grade Between 60 and 80:

Argentina
Bosnia and Herzegovina
Brazil
Bulgaria
Chile
China
Costa Rica
Cyprus
Egypt
Estonia
Ghana
Hungary
India
Indonesia
Israel
Italy
Kuwait
Latvia
Lebanon
Luxembourg
Malaysia
Malta
Mauritius
Mexico
Morocco
Netherlands
New Zealand
Philippines
Portugal
Qatar
Saudi Arabia
Singapore
Slovenia
South Africa
Spain
Taiwan Province of China

Thailand
Tunisia
Ukraine
United Arab Emirates

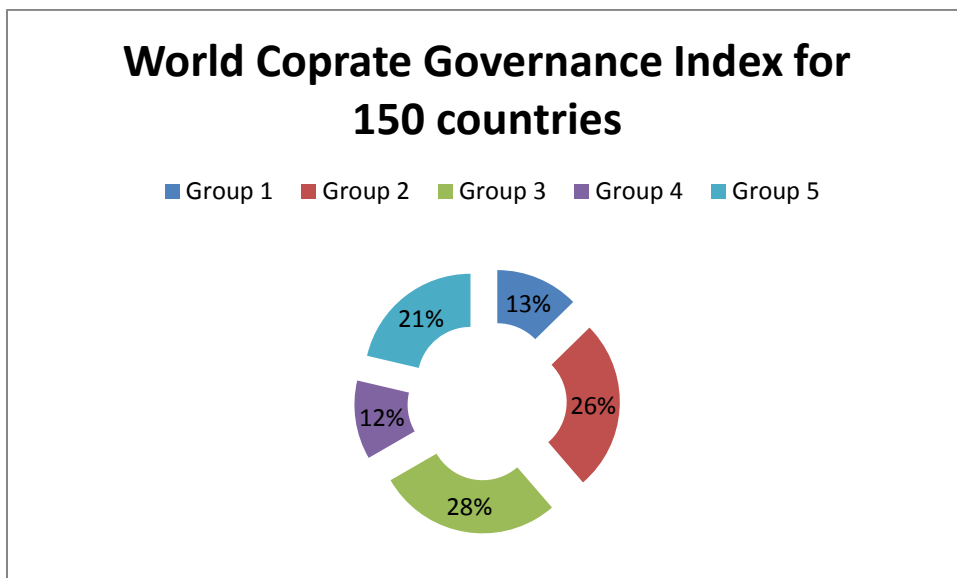
HIGHLIGHTS FROM 2017 REPORT

This year, we have researched 150 countries for our ‘World Coprate Governance Index 2017’ study.

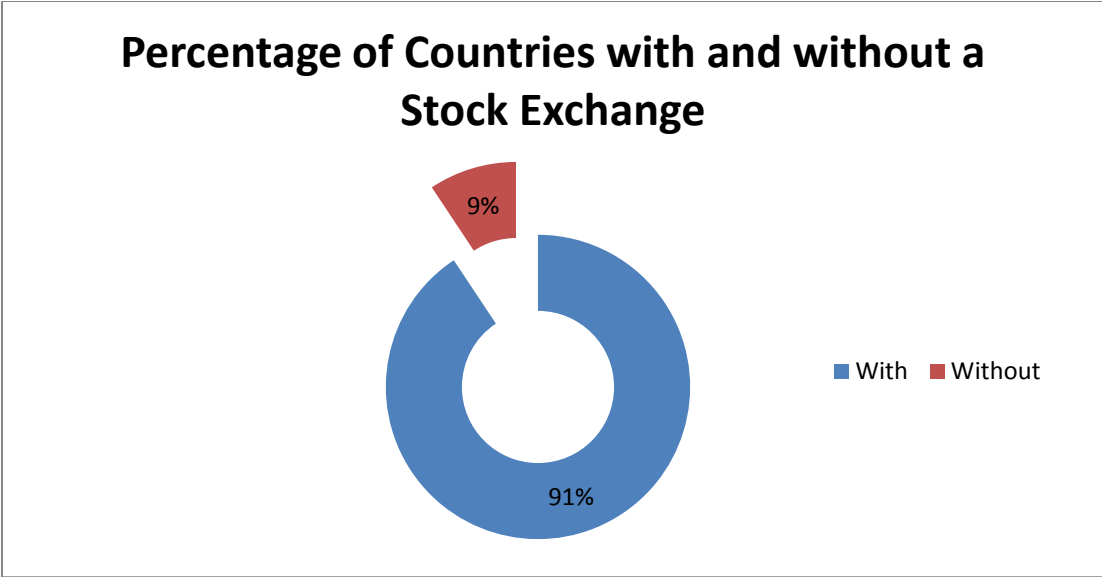
1. Group1 includes 19 countries
2. Group2 includes 40 countries
3. Group3 includes 41 countries
4. Group4 includes 18 countries
5. Group5 includes 32 countries.

Least number of countries in Group 4, highest number of countries in Group 3.

The Proportional Distribution of Countries to Groups



Percentage of Countries with and without a Stock Exchange



Stock Exchange's Age of All Countries

