BULLETIN

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FORMATION OF GROUP A AND GROUP B TO CREATE PREFERRED SHARES AND PROTECT MANAGEMENT RIGHTS

One of the most effective ways to maintain management integrity during the holding process is to strategically structure preferred shares and management rights. In this structure, holding shares are divided into different groups (such as A, B, C), and different rights are assigned to each share group. By granting certain shareholder groups preferential voting rights in board elections, the holding company's control over critical management decisions is secured. Furthermore, management supremacy is preserved through special approval mechanisms for matters of strategic importance, such as company mergers, major investment decisions, or share transfers. Thus, even if there are changes in the partnership structure, the holding company's strategic decision-making power is guaranteed in the long term.

1. Formation of Share Groups

Different groups such as A, B, C are added to the holding's share structure, and different management and voting rights are assigned to each group.

Preferential Voting Rights: Preferential voting rights are granted to specific shareholder groups in board elections to ensure control over strategic decisions.

Special Approval Mechanisms: Special approval requirements are imposed for critical decisions such as mergers, major investments, and share transfers.

Thanks to this system, management control always remains with a single shareholder group, even if the share structure changes.

However, at the request of the Company's shareholders, different privileges may be granted to different share groups. In other words, while Group A may be active in the management of the company, Group B may have veto rights on important decisions.

For example, Group A shareholders, who own 30% of the company, may have the right to elect all members of the board of directors. Thus, even if they do not hold a majority stake, they continue to manage the company.

2. Privileged Voting Right

Decisions in companies are made by majority vote. However, you can change this balance with the privileged voting rights granted to certain shares

Preferential voting rights refer to a share having more than one vote or having certain priorities.

For example, while a share in Group A may have 5 voting rights, a share in Group B may only have 1 voting right, or certain decisions may not be made without the approval of Group A. Similarly, while one group of shares may be granted preemptive rights, other groups of shares may not be granted these rights.

This system provides a competitive edge in decision-making processes for preferred shares.

Board of Directors Election: By granting special rights to the Preferred Share Group, the composition of the board of directors can be determined..

Strategic Decisions: Matters such as company mergers and significant investments cannot be made without the approval of Group A or Group B, ensuring that certain groups have the final say on important issues.

This ensures that the company's direction and future remain under the control of a specific group.

Some decisions made by companies may directly affect the company's future. Especially;

- Company mergers and acquisitions,
- Major investment decisions,
- Transfer of shares to third parties,
- Strategic decisions such as fundamental changes in core business activities,

could have serious consequences for the company's management structure and control balance.

In such critical matters, prior approval by the company's founding partners or the group holding the controlling stake may be required. In this way, regardless of the share ratios, the voting rights of the preferred shares in the company are protected.

By adding clear and explicit provisions to the company's articles of association, the adoption of certain decisions may be made subject to the approval of only specific shareholder groups. For example, the following powers may be granted to shareholders of Group A or Group B:

Veto Right: Certain decisions cannot be made by the General Assembly or the Board of Directors without the written approval of the privileged group.

Qualified Majority Requirement: Strategic decisions may be made with the affirmative vote of the privileged group instead of the simple majority of all partners.

3. Advantages of Creating a Pay Group

By creating share groups, management stability is maintained. Decisions affecting the company's future cannot be made without the approval of the privileged shares. The company's direction is protected in external investment or partnership initiatives. In this way, the share group that holds the management does not lose control even if the partnership structure changes. For example, even if you transfer 75% of your company's shares, the new shareholders cannot change the board of directors or decide on a merger of the company on their own due to the special approval clause added to the articles of association.

4. Conclusion

Developments such as a company's growth, receiving investment, or going public may lead to changes in the partnership structure over time. However, these changes should not result in the founding partners who shaped the company's vision or the shareholders who hold management control losing their control.

Properly structuring Class A and Class B shares and preferred rights is one of the most effective ways to eliminate this risk. This way, control over the company's management bodies remains with the preferred shares. Strategic decisions can be made even with a minority stake. Critical decisions such as share transfers, mergers, or major investments are subject to the approval of the preferred shareholder. Even if new partnerships are formed, the company's fundamental policies remain unchanged.

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