Executive Dialogue I

Capital Allocation, M&A Governance & Board Accountability

Boğaziçi University · Executive MBA · Summer 2026

WEEK 2

Who decides where the capital goes — and who is held to account for it

Session 1 asked WHERE capital should go. Session 2 asks WHO decides, WHO ratifies, and WHO answers for it.

WHERE WE LEFT OFF IN SESSION 1

Session 1 answered WHERE capital should go; today we govern the decision itself

WHAT SESSION 1 ESTABLISHED

1. **Corporate vs. business strategy** — which businesses to own vs. how each one wins
2. **The diversification discount** — markets often price the parts above the whole
3. **Capital allocation is the central act** — the five uses of cash, ranked against one hurdle rate
4. **Parenting-fit & the BCG lens** — does the centre add more than the best alternative owner?
5. **The Koç / Sabancı / THY diagnostic** — three portfolios, one analytical toolkit

TODAY'S PIVOT

From the map to the mechanism.

A portfolio diagnostic gives the right answer on paper. Governance decides whether the organisation can actually reach it — and be trusted to.

WHO decides? Management proposes — decision management

WHO ratifies? The board controls & approves — decision control

WHO is accountable? Fiduciary duty, disclosure, the market

Five governance lenses today — each maps to a part of the Session-2 reading

I — **Capital allocation, governed** Decision management vs. control; delegation; the internal capital market

II — **M&A as a governance problem** Track record, the winner's curse, the synergy trap, special committees

III — **Board accountability & fiduciary duty** Care, loyalty, good faith; the business-judgment rule; Unocal & Revlon; related parties

IV — **Disclosure, materiality & the market** Timing, selective disclosure, signalling via buybacks & dividends (SPK / KAP)

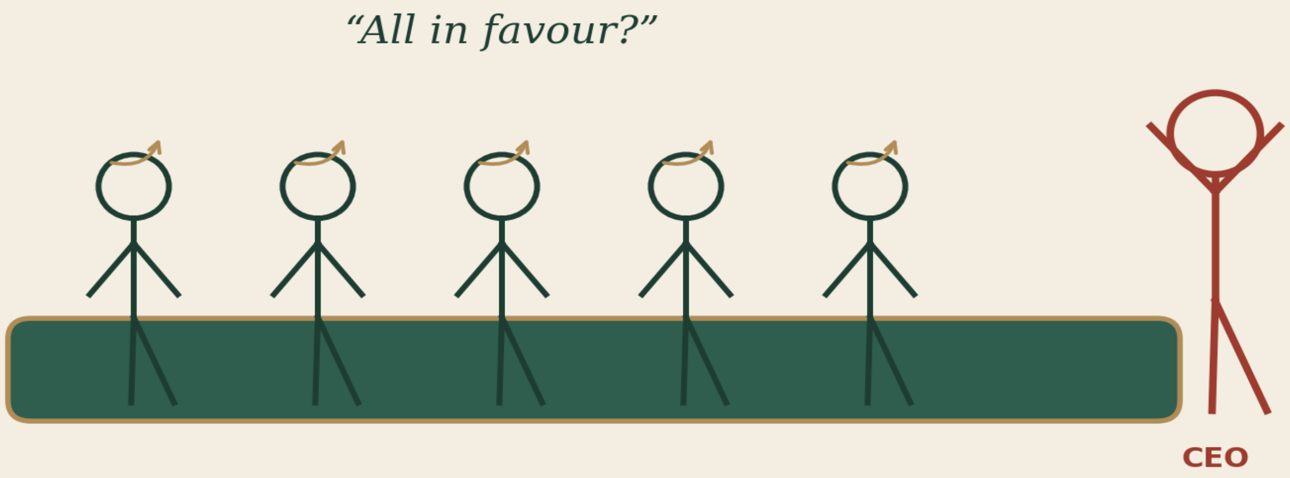
V — **The investment committee in practice** The decision memo, escalation & groupthink, the outside view, the post-mortem

ALSO ON THE READING LIST

Agency vs. stewardship theory
Board composition & independence
Governance codes: US / UK / EU / Türkiye (SPK)
CEO succession & the board's role
The Turkish board model (Koç / Sabancı / THY)

Reference chapters only:
Hitt, Ireland & Hoskisson — Strategic Management;
Baghai, Coley & White — The Alchemy of Growth.

When the monitor reports to the monitored



Independent oversight, allegedly.

Can you trust the managers? Two opposite starting assumptions

AGENCY THEORY

“Assume the worst”

What managers might do. Put themselves first — bigger pay, empire-building, pet projects, playing safe to keep their jobs.

So you WATCH them. Independent board, audits, pay tied to performance, approval limits.

“Trust, but verify — with a leash.”

STEWARDSHIP THEORY

“Assume the best”

What managers actually want. They are professionals who want the company to do well — pride, reputation, long-term commitment.

So you EMPOWER them. Give them autonomy and authority, with fewer controls.

“Trust, and set them free.”

REAL BOARDS USE BOTH *Agency controls are the floor you never remove; stewardship is the trust you aim for. In family firms (Koç, Sabancı) the owner IS the manager, so interests already line up (steward-like) — but the safeguards must stay, to protect the small minority shareholders.*

Separate the hand that proposes from the hand that ratifies — that split is the point

DECISION MANAGEMENT

Initiation & implementation

What it is Management proposes the deal, builds the model, runs integration.

Who holds it Executives who own the operating knowledge.

Delegation of authority Spending limits cascade down: unit → division → CEO → board.

DECISION CONTROL

Ratification & monitoring

What it is The board approves, sets limits, and reviews outcomes after the fact.

Who holds it The board — so no one grades their own homework.

Why separate The authorisation threshold is where control bites.

WHY IT MATTERS *Agency risk lives in the overlap. When the people who champion a deal also ratify it — common in founder- and family-controlled firms — decision control collapses into decision management.*

A conglomerate is a bank that lends only to itself — that power cuts both ways

THE PROMISE — WHEN IT WORKS

Information edge The centre knows its units better than any outside lender can.

Speed Winners are funded fast, without a roadshow.

Discipline A genuine hurdle rate routes cash to its highest-return use.

Beats the market Wins when information asymmetry is high or external finance is dear.

THE DARK SIDE — WHEN IT FAILS

Socialist cross-subsidy Weak units propped up by strong ones (Rajan–Servaes–Zingales).

Size, not ROIC Investment tracks division size & manager influence (Scharfstein–Stein).

Influence activities Managers lobby the centre instead of competing on returns.

Winner's-curse capital Cash keeps flowing to yesterday's businesses.

A board is a structure, not a name — committees, independence, and where the CEO sits

THE BOARD & ITS COMMITTEES

Elected by shareholders; hires/fires the CEO; approves strategy, major capital allocation and M&A. It is the decision-CONTROL body.
Audit — reporting, controls, external auditor. **Remuneration** — pay & incentives.
Nomination / Governance — composition & succession. Chaired by independents.

INDEPENDENT DIRECTORS

No material relationship with the company, management or the controlling shareholder. Their job is objective monitoring — and protecting minority shareholders: the key safeguard in family- or state-controlled firms like Koç, Sabancı and THY. More independence → more credible oversight of related-party transactions.

THE CEO ON THE BOARD — TWO MODELS

(a) CEO duality — CEO also Chair. Common in the US: unified leadership, speed, clear accountability — but the monitored also runs the monitor.

(b) Separated chair — independent / non-executive chair. Common in the UK, EU and Türkiye: a board cannot objectively supervise a CEO who chairs it. The CEO usually sits as an executive director — monitoring works only if enough other seats are independent.

THE BOTTOM LINE *The same decision gets a very different quality of scrutiny depending on committee design, the independence ratio, and whether the CEO also controls the chair.*

Authority flows down, accountability flows up — the chain behind every capital decision

Shareholders / owners — incl. a controlling family or the Türkiye Wealth Fund; elect the board and vote on major matters.

Board of Directors — decision CONTROL: approves strategy, major capital allocation & M&A; hires and oversees the CEO.

Board committees — Audit · Remuneration · Nomination / Governance — the detailed oversight, chaired by independents.

Investment / capital-allocation committee — screens and vets investment & M&A proposals before they reach the board.

CEO & executive management — decision MANAGEMENT: propose the capital plan and execute it.

AUTHORITY DELEGATED DOWNWARD

ACCOUNTABILITY & DISCLOSURE UPWARD

ONE LINE *A capital decision is only as sound as the weakest link in this chain.*

Firms acquire for a handful of reasons — and only some of them create value

1 Growth / speed

Buy a market position faster than you could build it. You pay a control premium for the privilege.

2 Scale & cost synergies

Combine to cut unit cost, procurement and overhead — the most reliable synergy, if integration delivers.

3 Capability / technology

Acquire R&D, talent and IP you can't build in time — e.g. İnci bringing in GS Yuasa battery technology.

4 Market / geographic access

Enter a new country or channel quickly — buys distribution and licences, not just revenue.

5 Vertical integration

Secure supply or distribution up/downstream — the Williamson logic: own what you can't safely contract.

6 Financial / diversification

Smooth cash flows across unrelated businesses — the weakest rationale; shareholders can diversify themselves.

KEY TAKEAWAY *The rationale must survive the price — a good reason at the wrong premium still destroys value.*

Every deal runs the same path — and governance attaches at each step

1
Strategy & screening
Does it fit the portfolio?
✓Board strategy mandate

2
Approach & valuation
DCF, multiples, synergy estimate.
✓Fairness opinion

3
Due diligence
Financial, legal, tax, ESG, integration.
✓Committee review

4
Negotiation & structuring
Price, cash vs. stock, earn-outs, reps.
✓Special committee if conflicted

5
Approval
IC → board → shareholder / regulator.
✓Decision control

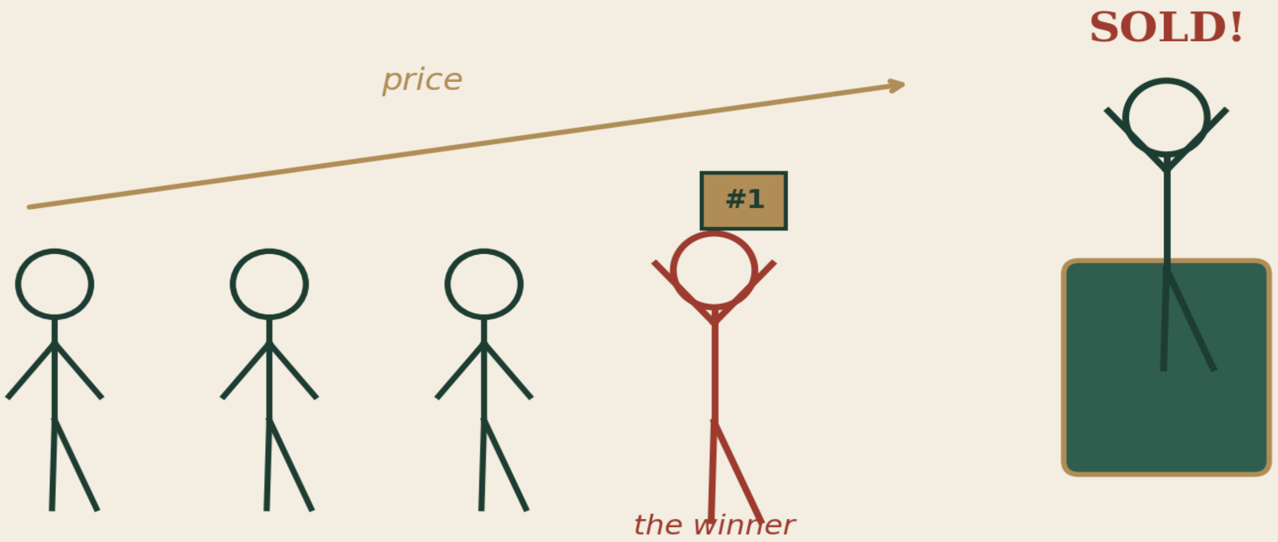
6
Disclosure & signing
Materiality & timing (SPK / KAP).
✓Disclosure governance

7
Closing & integration
Where most value is won or lost.
✓Post-merger integration

8
Post-investment review
Did it deliver vs. the case?
✓The accountability loop

KEY TAKEAWAY *Most value is destroyed after signing — in integration — not at the negotiating table.*

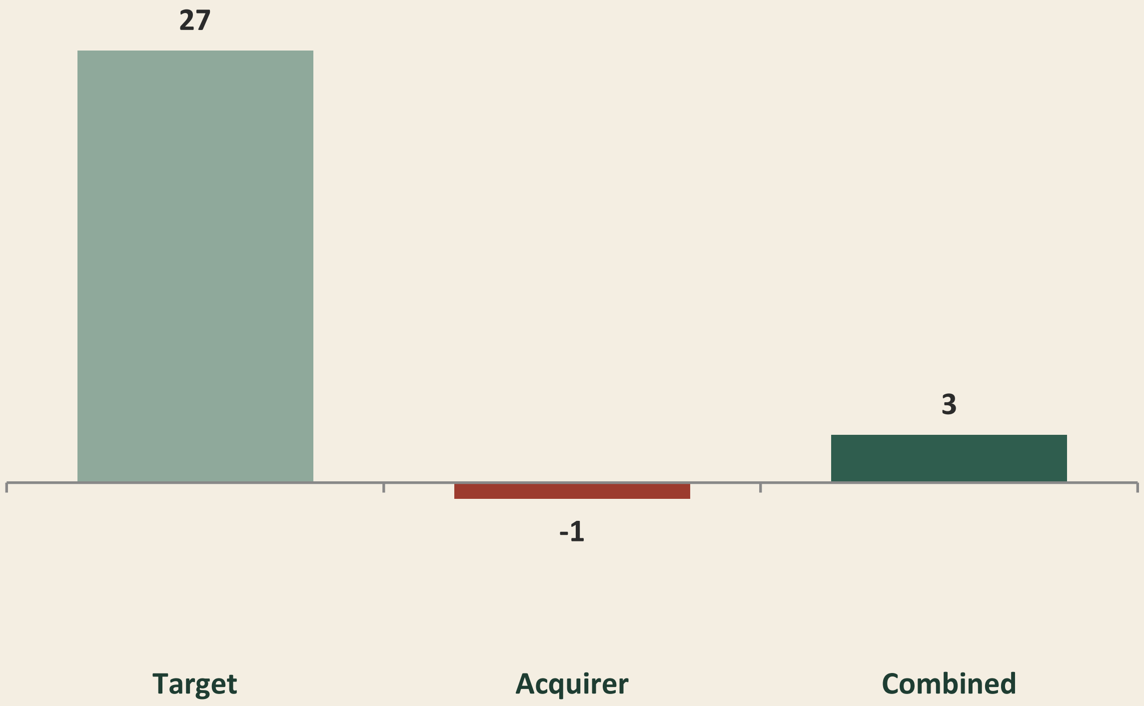
The auction you win is the one you valued most optimistically



Congratulations — you overpaid the most.

THE M&A TRACK RECORD

The average deal transfers value from buyer to seller — the premium is the target's, not yours



WHAT THE DATA SAYS

Targets win — Target holders capture a ~20–35% premium on announcement.

Acquirers ~break even — Acquirer returns cluster around zero — often slightly negative.

The combined pie barely grows — Value is mostly transferred, not created.

The governance question — If deals destroy value on average, who is approving them — and on what evidence?

THE FRAME *Approving a deal is voting against the base rate — so the burden of proof sits with the buyer.*

ROLL'S HUBRIS HYPOTHESIS (1986)

Win a competitive auction and you have very likely overpaid — that is the definition of winning

THE LOGIC OF THE CURSE

1 Many bidders estimate the target's value with error.

2 The winner is the bidder with the highest estimate — the most over-optimistic.

3 So the price paid is systematically above consensus true value.

4 Hubris (Roll): CEOs believe their own valuation, not the market's. The synergy trap: the premium is real cash; the synergy that justifies it is a forecast.

GOVERNANCE ANTIDOTES

Walk-away price Fixed in advance and binding — before the auction heat.

A synergy pre-mortem Assume the deal failed — why? Before signing, not after.

Independent valuation challenge Someone whose job is to argue the price is too high.

Reward discipline Pay for value created, not for empire size.

When management is conflicted, governance rebuilds an arm's-length seller inside the boardroom

THE SPECIAL COMMITTEE

Who Independent directors only — no one with a stake in the outcome.

Resources Its own legal & financial advisers, chosen by the committee, not management.

Power A real mandate to say no and to negotiate — not a rubber stamp.

Where it bites Related-party & controlling-shareholder deals (Koç, Sabancı, THY).

THE FAIRNESS OPINION

What it is A banker's letter that the price is 'fair, from a financial point of view.'

Good for Evidence the board sought an outside check on value.

The blind spot The bank often earns its fee only if the deal closes — the incentive is not neutral.

Governance response Read the underlying analysis, not just the letter; consider a non-contingent adviser.

PROCESS = PROTECTION *A clean process earns the business-judgment rule; a tainted one invites enhanced scrutiny (Part III).*

Three duties, one office: a director owes care, loyalty and good faith to the company

Duty of CARE

Decide on an informed basis

Attend, read the memo, ask, take the time. Gross negligence — not a bad outcome — is the breach. (Smith v. Van Gorkom.)

Duty of LOYALTY

Put the company first

No self-dealing, no hidden interest, no usurping a corporate opportunity. Where related-party deals live.

Duty of GOOD FAITH

Do not consciously look away

No knowing failure to act, no ignoring red flags — the Caremark oversight duty.

THE THROUGH-LINE *In family holdings and state-influenced firms alike, the duty most under pressure is loyalty — the controller's and the minority's interests can quietly diverge.*

Courts protect the honest, informed decision — not the good outcome — so process is the defence

WHAT THE RULE PRESUMES

Informed basis Directors gathered and considered the material facts.

Good faith They acted honestly, believing the action served the company.

No conflict Disinterested and independent on the matter.

The consequence Courts will not second-guess the merits — a value-destroying deal can still be fully protected if the process was clean.

WHEN THE SHIELD LIFTS

Conflict / self-dealing Loyalty breached → burden shifts to prove entire fairness.

Gross negligence No real inquiry, no information — care breached (Van Gorkom).

Bad faith Conscious disregard of a known duty → no protection at all.

Change of control / defence Enhanced scrutiny applies → Unocal & Revlon (next).

THE LESSON FOR YOU *You cannot control the outcome, but you can control — and document — the process. That record is the shield.*

Once a sale or break-up is inevitable, the board's job flips — from defender to auctioneer

THE ROLE CHANGES

1. **Defence mode** — Preserve the company as an independent entity — the Unocal world; a proportionate defence is allowed.
2. **Trigger** — Break-up or change of control becomes inevitable.
3. **Revlon mode** — Duty narrows to one thing: get the best price reasonably available for shareholders.
4. **The judgment call** — Knowing which world you are in is itself a governance decision the board must make and record.

UNOCAL vs. REVLON

UNOCAL

Preserve the enterprise — a proportionate, reasonable defence against a threat is permitted.

REVLON

Maximise value now — no favouring management or a preferred bidder. The board becomes an auctioneer.

The controlling-shareholder problem: the risk is not theft, but a price that is quietly not arm's-length

HOW VALUE LEAKS ('TUNNELLING')

Off-market pricing Intra-group sales, loans or service fees priced away from market.

Asset shuffling Assets moved between listed and unlisted family entities.

Diverted opportunity A group opportunity steered to a company the family owns more of.

Skewed JV terms Guarantees and JV terms that favour the controller's side.

THE GOVERNANCE DEFENCES

Independent approval RPTs cleared by a committee of unconflicted directors.

Majority-of-minority vote The controller cannot vote its own deal through.

Fairness evidence Independent valuation that the terms are market-standard.

Disclosure Full KAP / SPK disclosure of the party, terms and rationale.

WHY IT MATTERS HERE *Koç and Sabancı are family-controlled with cross-holdings and JVs; THY transacts with state-linked entities. RPTs are where governance is tested every quarter.*

Same duties, four regimes — rules-based enforcement vs. 'comply-or-explain'

UNITED STATES

Rules-based / litigation

Delaware case law + SEC + Sarbanes-Oxley. CEO duality common. Enforcement runs through courts and shareholder suits.

UNITED KINGDOM

Comply-or-explain

The UK Corporate Governance Code. Separated chair the norm; strong institutional-investor stewardship.

EUROPEAN UNION

Directive + national codes

Shareholder Rights Directive II; two-tier boards common (DE); co-determination; say-on-pay.

TÜRKİYE

SPK code · comply-or-explain

Capital Markets Board (SPK) Corporate Governance Principles; ≥ independent-director minimums; KAP disclosure; mandatory audit committee.

THE DIVIDE *The US enforces through courts; the UK, EU and Türkiye rely on 'comply-or-explain' plus disclosure. Türkiye's SPK/KAP regime is the one your teams work inside.*

Disclose too early and you kill the deal; too late and you have misled the market

1

First contact

Not yet material — talks may fail

2

Serious talks / LOI

Materiality rising — probability × magnitude

3

Agreement in principle

Likely material — the clock is running

4

Signed / board-approved

Material — disclose promptly

THE MATERIALITY TEST *Probability × magnitude: an event is disclosable when a reasonable investor would want it — not on signing day. Boards may lawfully delay for a legitimate interest, but only if secrecy holds and no selective leaks occur.*

Buybacks and dividends are messages as much as money — the market reads them as a claim about value

DIVIDEND INCREASE

A commitment

The signal A credible claim of durable earnings — hard to fake, costly to reverse.

The risk Cutting one is read as distress; the market punishes the reversal.

THE DARK READING

Payout can also mean 'we have no better project' — return of capital, or admission of no ideas? Context decides.

SHARE BUYBACK

A flexible message

The signal 'We think the stock is cheap' — returns cash without a standing commitment.

The risk Easy to time badly; flexible but less binding than a dividend.

GOVERNANCE ANGLE

Signals must be honest. A buyback to hit an EPS target, or one timed around insider selling, is a red flag — and a KAP disclosure question.

The single highest-stakes decision a board owns — and the one most often left too late

PLANNED SUCCESSION

The board's standing duty

Own the pipeline Nomination committee maintains a live internal bench, benchmarked to strategy.

Insider vs. outsider Insiders preserve continuity; outsiders signal change — the board decides the trade.

A multi-year process Not an event: development, exposure to the board, and a tested short-list.

Family firms In Koç / Sabancı, family and professional-management tracks must be reconciled openly.

EMERGENCY SUCCESSION

When the seat empties overnight

A named interim Decided in advance — who steps in on day one, with what authority.

The sealed plan A confidential emergency memo the board can execute without panic.

Continuity of control Reassure markets, lenders and regulators (SPK/KAP disclosure) fast.

The lesson A board with no succession plan has failed its duty of care before the crisis begins.

THE BOARD'S TEST *Succession is where stewardship and control meet: the board must develop talent and hold the power to replace the CEO it developed.*

A good memo makes the governance visible — it shows not just the answer, but who is accountable

1. **The ask** — One sentence: what decision, how much capital, by when.
2. **Strategic rationale** — How it fits the portfolio & parenting logic (Session 1).
3. **Valuation & base case** — DCF, multiples, standalone value — hurdle rate stated.
4. **Synergies, split & risk-weighted** — Cost vs. revenue, separately, NPV-tested vs. the premium.
5. **Risks & the pre-mortem** — Integration, financing, execution — 'assume it failed: why?'
6. **The outside view** — Reference-class base rates, not just the inside forecast.
7. **Financing & structure** — Cash / debt / equity; covenant and rating impact.
8. **Recommendation & decision rights** — Ask, walk-away price, who approves at which limit.

WHY THE IC MATTERS *Remove the committee and capital allocation becomes personality-driven — the memo is the paper trail that proves who proposed, who challenged and who approved.*

The room where everyone agrees is the room to worry about

Great minds think alike — that's the whole problem.

Family pyramids and a state fund — three ownership regimes, three governance logics

KOÇ HOLDING

Family pyramid

~63.4%

family & foundation (Koç family / VKV)

~26.9% free float. Control via a foundation-anchored pyramid; independents protect the minority.

SABANCI HOLDING

Family control

Sabancı

family + Sabancı Vakfı control

Bank-anchored group (Akbank) with numerous JVs; related-party & JV governance is the pressure point.

TÜRK HAVA YOLLARI

State-linked

~49.12%

Türkiye Wealth Fund

Partial state ownership via the Wealth Fund; a listed company under a distinct governance & disclosure lens.

SAME TOOLKIT, THREE REGIMES *Ownership concentration decides which safeguard matters most: independent directors and majority-of-minority votes for the families; disclosure and state-arm's-length for THY.*

A Turkish family holding meets a Japanese battery giant — two very different governance worlds

İNCI HOLDING — THE SELLER

Turkish family holding

Founded 1952 by Cevdet İnci; became a holding in 1982. ~10–11 companies, ~3,000 employees.

İnci Akü (1984, Manisa) Türkiye's largest battery maker; 3 factories, ~1,000 staff; exports to 80+ countries.

Core expertise Wheels and batteries, plus sales/marketing, hotel equipment and logistics.

Governance Family-controlled — the classic controlling-shareholder structure from this session.

GS YUASA — THE BUYER / PARTNER

Japanese battery giant

Formed 2004, Kyoto Merger of Japan Storage Battery (GS, 1917) and Yuasa (1918).

Products Lead-acid & lithium-ion for autos, industrial, aerospace & defence (Boeing 787, satellites).

Scale ~$3B+ global revenue; listed in Japan — a disclosure-heavy, widely-held regime.

Governance The mirror image of a controlling-family holding.

THE BOTTOM LINE *The 2015 deal joins a family-controlled Turkish holding with a listed Japanese multinational — a 50/50 JV bridging two governance cultures.*

Told by a guest senior executive directly involved in the İnci Akü–GS Yuasa transaction — one partnership's full lifecycle, 2015 to 2026

2015
Stake sale

İnci Holding sells 50% of İnci Akü to GS Yuasa (Japan).

2015
JV formed

İnci GS Yuasa — a 50/50 strategic joint venture.

2015–26
~11-yr partnership

Japanese technology, capital & supply; the family stays an equal owner.

Mar 2026
Buy-back

İnci Holding buys back GS Yuasa's stake and regains full control.

THE FULL LIFECYCLE *Partial sale in → a 50/50 JV → a buy-back exit; the equity partnership converts to an ongoing technology-and-supply cooperation. Real facts shown; any valuation figures used in class are illustrative only.*

Why sell exactly 50% — not 100%, and not zero?

THE TWO REJECTED CORNERS

Full sale vs. status quo

100% sale Maximises cash today but hands the family business to a foreign owner.

0% (status quo) Keeps control but forgoes global technology, capital and scale.

Capital allocation Sell just enough to fund and partner — not so much that control is lost.

WHY 50/50 WON

Partner capital + technology; control shared

What GS Yuasa brings Battery technology, supply and capital into İnci GS Yuasa.

What İnci keeps An equal seat and equal say in the JV.

JV governance 50/50 boards, reserved matters, deadlock and exit provisions govern a partner you neither control nor answer to.

THE GOVERNANCE LENS *Decision management vs. control and special-committee valuation map straight onto a 50/50 stake — how the JV is valued, who sits on its board, which matters are reserved, and how the 2026 buy-back exit clause let the family regain full control.*

Your team is management; our guest executive and the panel are the investment committee

Present a 1–2 page investment / M&A case for your company and defend it live — questioned as a board would question you. ≈ 45 minutes, in the room.

TEAM 1 · Koç Holding

Gökberk Pala · Arçelik-LG — Foreign Trade & Logistics

Nedim Büke · Enoca — Founder

Tuğçe Çıngay Ataş · TSKB — Engineer-Manager

Bahar Hanedan · Industrial Engineer

Gülin Coşar · MT Tanıtım — Brand Manager

TEAM 2 · Sabancı Holding

Cenk Tanyer · Brisa — OE Technical & Sales Mgr

Şehnaz Atak Askeroğlu · Askeroğlu Health Group — Owner

Özlem Önal Baran · AbbVie — Marketing Director

Mısra Memişoğlu · Possible Gayrimenkul — Advisor

Ali Nemutlu · Teknolist A.Ş. — Project Manager

TEAM 3 · Türk Hava Yolları

Nuran Erdağ Haberdar · THY — Vice President

Serkan Yeter · THY Technic — Procurement Specialist

Mehmet Alptuğ Alkan · Hermes — Store & Regional Manager

Yurdagül Işık Sevinç · TPAO — Chief of Staff

Group work · 15% · assigned Session 1 · DUE at the start of Session 3

WHAT'S ASKED

Apply the Session-1 frameworks to diagnose your assigned company's portfolio and make capital-allocation recommendations.

1. **Map the portfolio** — Every business segment / subsidiary.
2. **Classify** — Each business by Rumelt type.
3. **Plot** — On the BCG growth-share matrix.
4. **Parenting-fit test** — Apply the parenting-fit / heartland test.
5. **Discount** — Estimate the holding / diversification discount.
6. **Porter's three tests** — Attractiveness · cost-of-entry · better-off.
7. **Recommend** — KEEP / GROW / PRUNE / SEPARATE per business, with a five-uses-of-cash view.

LOGISTICS

Type Group work · 15% of the final grade

Assigned Session 1

Due Start of Session 3

Output One group deliverable per team — deck or memo

Sourcing Every figure sourced: annual reports, KAP / SPK filings, Borsa İstanbul

The diagnostic you sharpen now is the foundation for the activist case in GW2.

GW2 — Activist & Capital-Market Pressure Simulation · Group · 15% · given today (Session 2) · due start of Session 4

THE ASSIGNMENT — WHAT & WHY

The purpose. Build the strongest plausible activist-investor case against your assigned company's portfolio and capital-allocation choices — and the board's realistic response.
A one-sided attack with no board response does not meet the scope.

Realism rule. Demands must fit the company's actual size and ownership. A full break-up demand is far less realistic against tightly family-controlled Koç or Sabancı than a widely-held firm. No generic talking points.

FIVE REQUIRED SECTIONS — IN THIS ORDER

1. **Activist Thesis**
   The case for change, in a sentence or two.
2. **Demand List**
   The concrete, ownership-realistic asks.
3. **Evidence Pack**
   Fact behind every demand — fact vs. hypothesis flagged.
4. **Board Response Memo**
   Accept / partly accept / reject, with reasoning.
5. **Negotiation Position**
   What you concede and what you hold for Session 4.

GW2 — how to do it, format & grading

HOW TO DO IT — SIX STEPS

1. **Financial scorecard first.** ROIC by segment vs hurdle/peer; payout ratio vs peers; share-price vs sector index over 2–3 yrs.
2. **Activist thesis.** 2–3 specific weaknesses: underperforming segment, excess cash / low payout, conglomerate discount, entrenched governance.
3. **Demand list.** Concrete: divest a named segment; return capital via buyback / special dividend; add independent directors; split into listed entities.
4. **Evidence pack.** Support each demand; separate verified fact (sourced) from interpretation.
5. **Board response memo.** Accept / partially accept / reject each demand — with real reasoning.
6. **Negotiation position.** What to concede vs hold firm for the Session-4 live simulation.

WHERE TO FIND THE DATA

GW1 material — your own portfolio diagnostic.
Share-price vs index — Borsa İstanbul, Investing.com, Yahoo Finance.
Dividends / buybacks — annual reports, KAP.
Campaigns & analysts — comparable activist cases (benchmark, don't copy); analyst / rating notes.

FORMAT Max 10 pages (target 4–6) · single PDF/Word · one per team · every claim cited.

GRADING RUBRIC

Criterion	Weight
Activist thesis & demands realism	30%
Evidence quality & sourcing	25%
Board response memo	25%
Structure & section titles	20%

INDIVIDUAL WORKS (LATER) IW1 — M&A Governance Memo · 22% · assigned S4, due S5. IW2 — Reflection Paper · 18% · assigned S5, due within a week.

THE ONE LINE TO REMEMBER

Governance is who decides and who is accountable — not just where the capital goes.

- ✓ **Separate the hand that proposes from the hand that ratifies.** Decision management ≠ decision control.
- ✓ **Judge the process, not the outcome.** A clean process is the board's shield — and the market's protection.
- ✓ **Same toolkit, three regimes.** Koç, Sabancı and THY reach different governance answers for good reasons.

Come to Session 3 ready with GW1 — and start thinking like an activist for GW2.