



**ARGE CONSULTING
COMMUNICATION ON PROGRESS REPORT
2011 PERIOD**

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Chairman's Message

ARGE works with the mission of improving management quality. ARGE believes that society's well being can be increased only if management quality of government, private sector, and civil society is improved.

The role of a business is to make sustainable improvements in the quality of life in the community. ARGE Consulting, not only helps its clients create value for their own shareholders, customers, and stakeholders but ARGE is also a catalyst to promote appropriate behaviour for responsible entrepreneurship, thereby helping improve the quality of life.

In 2011, we commemorated our 20th anniversary and 20 years of leadership in CSR through our voluntary activities, such as serving on the boards of numerous NGOs; managing and providing guidance for the evaluators of award processes of OSGD and Citibank –Micro Credit; wrote and shared articles to introduce new management ideas and concepts to our society. We have also been active in numerous international organizations such as the Global Corporate Governance Forum and representing the business world in governance matters at the OECD to improve the quality of governance throughout the world; as well as publishing a new book titled "Keys to Governance".

Also in 2011, we continued to lead the Global Compact activities by assuming the role of National Representative of UN Global Compact. Since our aim is to increase the impact of voluntary activities, and feeling great responsibility by being the Representative, we have been trying to increase the number of signatories and the effectiveness of the Network. The Sectorial Approach, which was designed and implemented first by Turkish Network, has been defined as an important milestone in Global Compact Activities.

We try to improve and share knowledge about good governance with society by our volunteer activities. With this report, we share our corporate social responsibility activities for the period of the year 2011. This year, we prefer to use "Blueprint for Corporate Sustainability Leadership" model in our Communication on Progress Report of 2011 period.

Dr.Yılmaz Argüden
Chairman

March 2012

Corporate Social Responsibility Approach at ARGE Consulting

Corporate Social Responsibility has been at the core of ARGE's philosophy ever since its inception and is a core value of its governance perspective.

As the first Turkish signatory, ARGE supports the **Global Compact** and integrates the 10 principles of the UN Global Compact in its operations.

About ARGE Consulting

- At the crossroads between Europe and Asia, Turkey is not only experiencing the highest GNP growth rates among OECD countries, but is also realizing the benefits of her privileged ties to European, Middle Eastern, and Central Asian countries. As a matter of fact, Turkey is rated as one of the leading emerging markets in the world.
- Realizing the growth potential for international business in the Turkish and related markets, **ARGE** was **founded in 1991** to provide **advisory services** in the areas of business strategy development and implementation, business excellence methodologies, evaluation and development of investment projects, development of organizational infrastructure, change management.
- ARGE's consultants are recruited based on several factors some of which are unconventional for such firms. For example, ARGE prefers employees who are either current members of NGOs or who wish to undertake such social commitments outside of work to ensure that its employees are in tune with the social environment, as well as the business environment.
- ARGE has been a pioneer in setting a benchmark for corporate volunteerism by asking consultants to devote a full day of each working week for voluntary work in NGOs. This practice then has become a part of the performance evaluation of ARGE consultants, who were asked to report once every two weeks on how they allocated their time to volunteer activities. This practice is in line with ARGE's use of the Balanced Scorecard methodology to ensure that its strategies are applied throughout the organization. With this methodology, all of the employees' actions are observed with scorecards and timetables. Also, each ARGE consultant receives one month of training per year to keep abreast of the latest developments in his/her field of specialization.

ARGE is committed

- ☐ To add **value** to the business of its clients,
- ☐ To provide the **right team of experts** for each project,
- ☐ To provide **solutions that differentiate** its clients in the marketplace, with special emphasis **on implementation under local conditions**,
- ☐ To retain its objectivity and independence of its views, and to protect client confidentiality.
- ☐ Industry expertise in areas such as **energy, financial services, textiles, automotives, FMCG, manufacturing, distribution and construction** is the fundamental strength of the company. **ARGE** also has a network of collaboration arrangements with organizations and affiliates in Turkey, Europe, and USA to bring together relevant necessary experience to its ongoing projects.
- ☐ **ARGE's** strives to achieve a **major improvement in its clients' business results**. We believe that there are four main factors that affect business results. These are the business strategy and business excellence methodologies necessary to effectively implement the strategy, human resources, and technology management. Sustainable business results are achieved only when these four factors are considered as a whole and in a well-balanced way. Our approach is to try and balance all the four factors to suit the requirements of our clients in order to achieve the best, world-class results.

ARGE's Mission & Vision

To create value by improving management **quality**.
To be a role model in creating value for its clients and
with its contributions to the community.

ARGE Values & Principles



Our mission is to create value.

ARGE continuously strives to add value to the business of its clients. We do our utmost to provide 'the best' solutions in every project we undertake



Our most important asset is the trust of our clients.

ARGE is committed to keeping the interests of the client above all. Protecting client confidentiality, maintaining the objectivity and independence of our views, and avoiding any conflict of interest are our key principles. We demonstrate the same integrity, business ethics, and diligence in our work, in community services, and in our personal lives.



The assurance of our work is the quality of our people.

ARGE strives to attract the best people and to create an environment of mutual trust and team spirit to foster continuous development of its people. We expect each member of our team to demonstrate self respect, respect for others and the environment



The assurance of our future is our passion for learning.

ARGE supports the development of knowledge, competence, and creative abilities of each team member; and expects them to do so, both on an individual and organizational level. We strive for effective utilization of the ultimate non-renewable resource, time



Science and technology are essential in improving the quality of life.

ARGE continuously strives to anticipate the ever-changing needs of its clients, and to keep abreast of scientific and technological developments as well as best benchmarks, to meet those needs.



Imagination is the key to creativity and leadership.

ARGE recognizes that its clients need creative solutions and thus strives to develop implementable solutions that differentiate its clients in the marketplace



The key to success is achieving sustainable improvements in competitiveness.

ARGE realizes that sustainable improvements can only be achieved through teamwork with clients. We believe that our clients' success will lead to a better quality of life for the community and humanity.

ARGE's Service Areas

Strategy	Business Excellence	Institution Building	Shaping the Future
Strategy Development	Assessment of Business Effectiveness	Human Resources Management Systems	Structuring Community Contribution
Strategy Implementation (Balanced Scorecard)	Total Quality Management	Organizational Structuring	Developing Partnership
Strategic Alliances	Process Efficiency	Corporate Governance	Social Governance
Post Merger Integration	Value Management	Institutional Development for Family Businesses	NGO Effectiveness
Scenario Planning	Reengineering	Intellectual Capital Management	Social Support Projects
Country Strategy			

Strategy

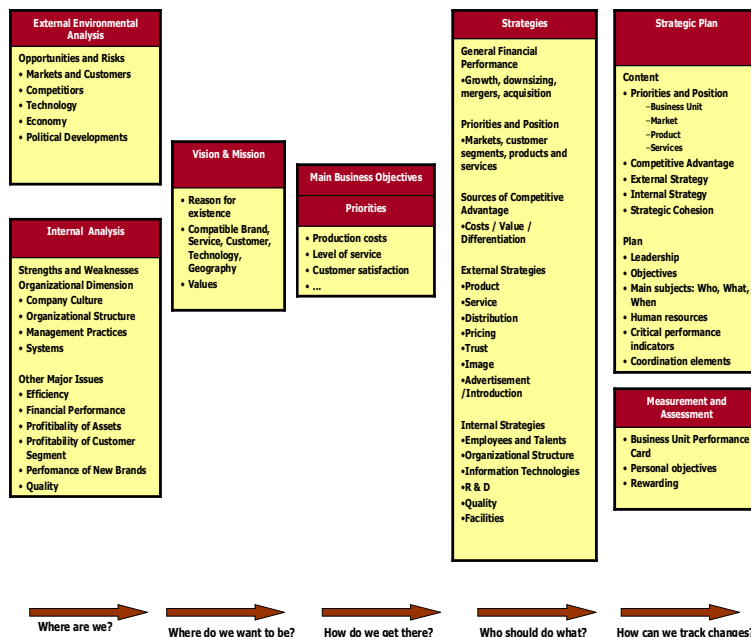
For organizations, it is critical to define and implement proper strategies to make sure that they focus their energies on “Doing the Right Business”.

Organizations having clearly defined their purposes (mission) and targets which they intend to reach (vision), have to determine a road map (strategy) in order to achieve them.

With ARGE strategy services, we help companies to gain a sense of direction by mobilizing

our modern management concepts, methodologies, and experiences; considering their business area, scale, and structure. During the strategy implementation phase, we help companies through our experience in proven **Balanced Scorecard Applications**.

Strategic Planning Methodology



Business Excellence



“Doing the Business Right” for determined business targets provides methodologies for efficient and effective use of resources for organizations.

Competition parameters in different

characteristics in different sectors made efficiency an indispensable working principle. This understanding, demonstrated the importance of process oriented point of view and made holistic view a necessity in the management of organizations.

As **ARGE**, our well rounded experience in various sectors, generates value for organizations in process re-engineering and in management quality.

Organizations that we have supported in Total Quality Management concept have gained important achievements in their applications for **National Quality Awards** and in **EFQM** processes which positively affected their business results.

Institution Building

The main purpose of our institution building services is to achieve a sustainable organizational structure and culture “to ensure continuity.”

We help institutions build sustainable governance systems involving the stakeholders, the board and the top management for public companies as well as family businesses.

Our methodologies help implementation of effective use of human resources by development of human resource management systems and development of intellectual capital of organizations with appropriate measurement methods.

Shaping the Future

Shaping the future requires an approach that is based on common values and principles, regardless of whether it involves the future of an individual, a company, a NGO, a government, or even humanity. Also, we need to realize that the people are the basis of all institutions and we all have multiple roles. Therefore, adhering to these common values and principles enables us to behave consistently in different roles.

This understanding requires us to create a positive return for each resource we utilize, regardless of the ownership of that resource; to be fair in sharing the returns; and to continuously improve the management quality in all institutions we are involved with.

The basis of this understanding can be found at the intersection of western analytic thinking and eastern spiritual and holistic outlook. It involves the tradition of tolerance prominent in Anatolia, the crossroads of civilizations; creation of value and sharing it with an attitude of “Regard the other, as you regard yourself;” and assuming responsibility for the future. In short, having a meaning in life is making meaningful contributions to others.

The basic principles of shaping the future could be summarized as follows: First, those who wish to shape the future have to have a dream about the future and develop thoughts and content

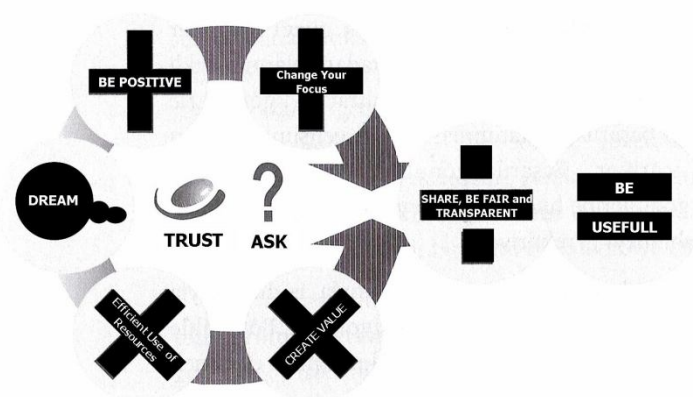


for the desired future. Real results are achieved not by solving problems, but by catching the opportunities. “Luck favors the prepared mind.” This is the essence of shaping the future. Shaping the future is preparing the mind, the behaviour, and the attitude for the future.

Second, the desired future has to create a value. Value creating activities, that utilize the resources effectively, tend to have a higher success rate. Innovation is the engine of development and value creation. Therefore, shaping the future requires innovative thinking and vision.

Third, those who wish to shape the future has to have a realistic assessment of the resource needs and how to gain access to them. In particular, one has to realize that resources are not solely, or even mainly, within the organization but rather outside the organization. Therefore, an open mind for cooperation, a commitment to meritocracy, development of the best, and fairness in sharing are the keys to mobilization of adequate resources. Those who focus only within the organization, as it is the familiar territory, are likely to have a limited vision and will be unable to achieve a broad acceptance of the vision and mobilization of resources.

Fourth, shaping the future requires a broad understanding of the environment, which in turn can only be achieved by those who have a passion for learning and continuous improvement. Those who are keen observers of the world, of the technological developments, of the resources, and their team are more likely to identify the important steps needed to shape the future.



Fifth, shaping the future requires creating trust and effective communication of the vision in order to win the hearts and minds of the decision makers regarding the required resources and those who are subjects of the change initiative.

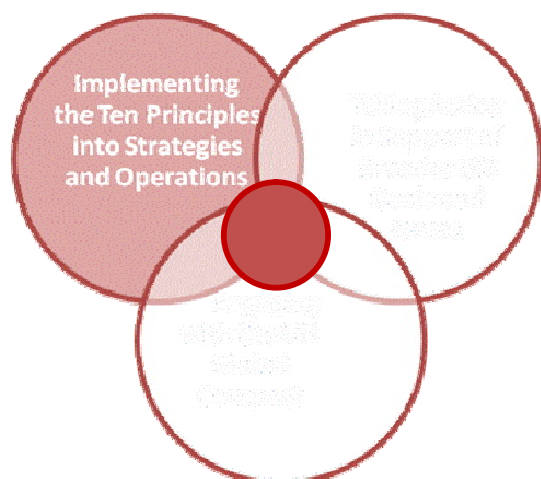
Sixth, we have to realize that shaping the future starts with changing our own current behaviour. Achieving a consistency in thought, values, and behaviour is the best way to gain trust. Assuming responsibility for the future and utilizing all the resources solely for the stated vision is the surest way of mobilizing others’ resources for the vision.

Last but not the least, shaping the future requires a long term focus and discipline. It requires practising for a marathon, not for a 100m sprint. Positive attitude and living a balanced life increases longevity and strength to realize the vision.

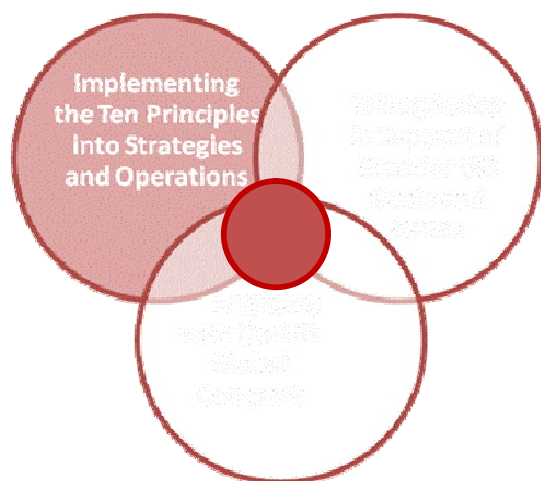
We, at ARGE share our professional experience with seminars, conferences, and strive to put theory into practice by contributing to numerous NGOS.

We prefer to use “Blueprint for Corporate Sustainability Leadership” model in our Communication on Progress Report of 2011 period

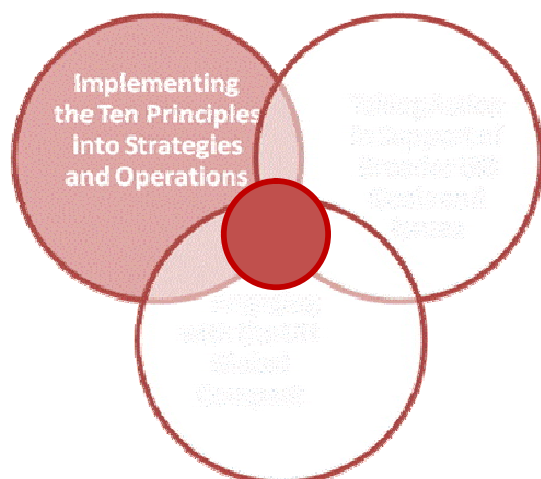




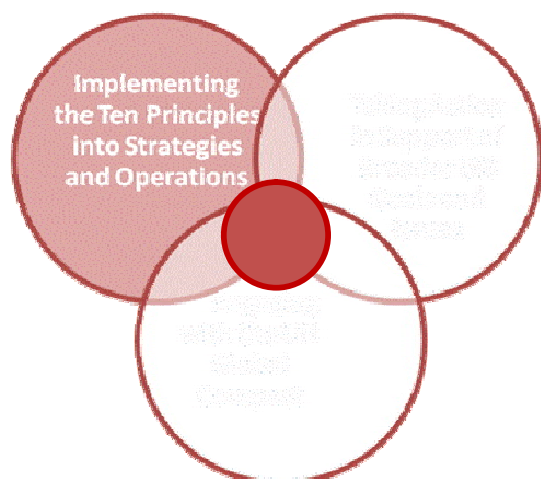
UN GLOBAL COMPACT PRINCIPLES	INDICATORS for SUSTAINABILITY	ARGE APPROACH & PRACTICES
<p>Principle 1:</p> <p><i>Business should support and respect the protection of internationally proclaimed human rights</i></p>	<p>ARGE maintains a favorable working environment and culture by respecting the right to health care, right to work on equal conditions, right to equality, right to freedom of expression, right to liberty and security. ARGE ensures that its suppliers and clients support the same principles.</p>	<p>The first six principles compose the most important criteria for us in terms of selecting our customers.</p>
<p>Principle 2:</p> <p><i>Business should ensure that they are not complicit in human rights</i></p>	<p>ARGE policies on harassment, employment equity, safety, health all ensure that basic human rights are firmly respected.</p>	<p>ARGE aims to be a role model with its contributions to the community. This is an integral part of our company vision. In this line, we are concerned with the effects of our activities as much as we do for the activities that surround us. We aim to be a role model both in our business operations and interactions with the community.</p>
<p>Principle 3:</p> <p><i>Business should uphold the freedom of association and effective recognition of the right to collective bargaining</i></p>	<p>ARGE policy on employment equity ensures the provision of good working conditions in which all employees could express their ideas.</p> <ul style="list-style-type: none"> ✓ Open – door policy ✓ Feedback in formal and informal discussions ✓ Excellent working conditions ✓ Profit sharing, through bonuses, staff appreciation days 	<p>We try to develop awareness among the students in respect of these principles.</p> <p>Maintaining a good reputation in line with these principles is a fundamental element in our operations.</p> <p>These principles are integral parts of ARGE values.</p>



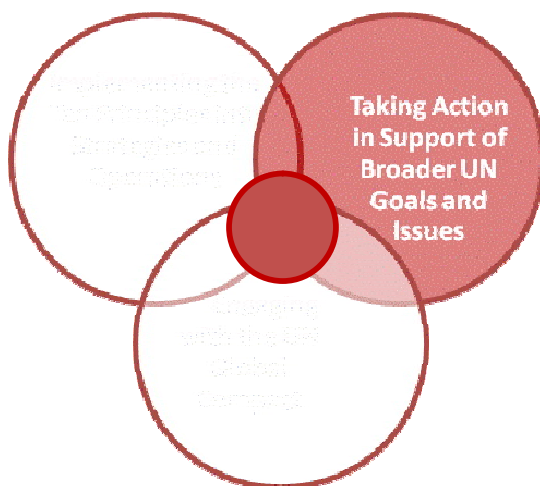
UN GLOBAL COMPACT PRINCIPLES	INDICATORS for SUSTAINABILITY	ARGE APPROACH & PRACTICES
<p>Principle 4:</p> <p>Business should support the elimination of all forms of forced and compulsory labor</p>	<p>ARGE aims to support and develop the potential of all employees by training, motivation tools. ARGE strives to achieve work/life balance for all staff. Staff is able to work from home when needed, and staff can manage his working time on a project basis.</p>	<p>The first six principles compose the most important criteria for us in terms of selecting our customers.</p> <p>ARGE aims to be a role model with its contributions to the community. This is an integral part of our company vision.</p>
<p>Principle 5:</p> <p>Business should support the effective abolition of child labor</p>	<p>ARGE is against child labor. Employees are protected by employment contracts and other social security measures. ARGE does not work with companies that use child labor.</p>	<p>In this line, we are concerned with the effects of our activities as much as we do for the activities that surround us. We aim to be a role model both in our business operations and interactions with the community.</p>
<p>Principle 6:</p> <p>Business should support the elimination of discrimination in respect of employment and occupation</p>	<p>ARGE provides equal opportunities at work and takes every precaution against discrimination in terms of race, gender, age, nationality and marital status.</p>	<p>We try to develop awareness among the students in respect of these principles.</p> <p>Maintaining a good reputation in line with these principles is a fundamental element in our operations.</p> <p>These principles are integral parts of ARGE values</p>



UN GLOBAL COMPACT PRINCIPLES	INDICATORS for SUSTAINABILITY	ARGE APPROACH & PRACTICES
<p>Principle 7:</p> <p><i>Business should support a precautionary approach to environmental challenges</i></p>	<p>ARGE prevents, minimizes and mitigates the negative impact on the environment.</p>	<p>Through our CSR projects, we try to promote environmental responsibility and work with NGO's. We support environment friendly applications through sustainable use of resources. Our publications are available as soft copies at our web-site. In this respect, we respect the efficient use of resources by publishing as proportional to the needs of our clients and the community.</p>
<p>Principle 8:</p> <p><i>Business should undertake initiatives to promote greater environment responsibility</i></p>	<p>ARGE promotes the awareness – raising campaign on environment responsibility in its network and supports all staff to contribute</p>	<p>Our working environment has no negative impact on the environment. We use all resources (office equipment, use of transportation for our business operation) efficiently and effectively.</p>
<p>Principle 9:</p> <p><i>Business should encourage the development and diffusion of environmentally friendly Technologies</i></p>	<p>ARGE uses recycled paper, toner and cartridges. ARGE supports environment friendly technologies. ARGE office resources are either reused or recycled or granted for other use.</p>	<p>We have been among the first set of signatories to the statement for “Caring for Climate: The Business Leadership Platform” in 2007.</p> <p>In 2008, ARGE initiated a corporate responsibility project to support the UN ‘Caring for Climate’ initiative. ARGE developed a methodology which will provide a guide to its customers in initiating environment friendly applications in their core areas of competence.</p>

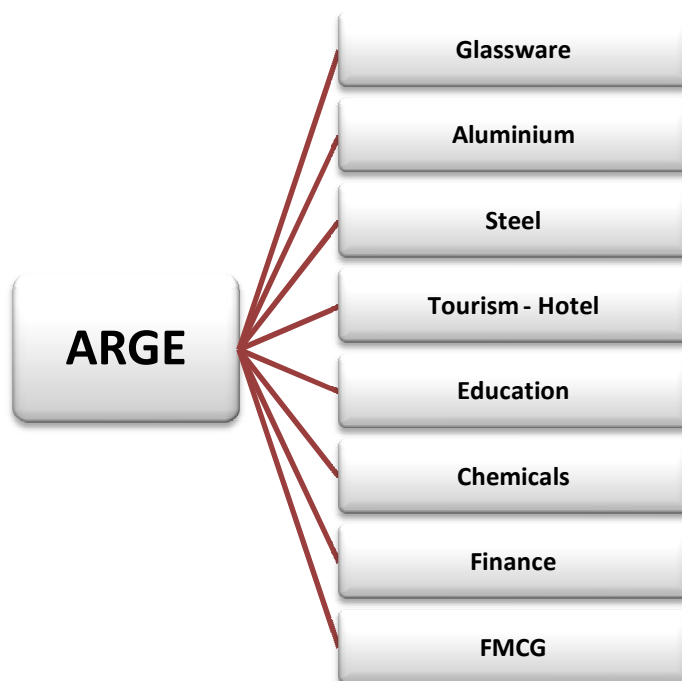


UN GLOBAL COMPACT PRINCIPLES	INDICATORS for SUSTAINABILITY	ARGE APPROACH & PRACTICES
<p>Principle 10:</p> <p><i>Businesses should work against corruption in all its forms, including extortion and bribery</i></p> <p>Principle 10:</p> <p><i>Businesses should work against corruption in all its forms, including extortion and bribery</i></p>	<p>ARGE maintains a high integrity and values based system as mentioned in our vision & mission. ARGE believes it is a role model to other companies and the community.</p> <p>ARGE maintains a high integrity and values based system as mentioned in our vision & mission. ARGE believes it is a role model to other companies and the community.</p>	<p>Since its establishment, at the end of every financial year ARGE implements right and effective auditing procedures. Our management consultancy services include methodologies for good corporate auditing.</p>



Business Impact in 2011

ARGE's focus is to leverage our management expertise to help our clients and NGOs maximize their impact on the community.



We also should add that ARGE sees each project as a new opportunity not only to make business better but also to open new windows, widen directors and managers' perspectives about environmental and social issues. We draw attention to these issues especially in our interviews and meetings.

Examples of projects that were conducted in 2011 where we have improved the awareness of our clients for CSR activities are as follows:

Project No	Sector	Number of people in the Organization	Project Name
1	Manufacturing; glassware	17,000	Developing Human Resources Systems
2	Manufacturing; Steel	1.500	Institutional development
3	Manufacturing; Steel	1.500	Corporate Governance
4	Manufacturing, chemicals	3.000	Institutional development
5	FMCG	4000 (with its franchisees)	Institutional development
6	Service; hotel	850	Identifying development strategy&implementations
7	Ground Handling Services	10.000	Strategy Development & Deployment
8	Textile	100	Developing Organization and Human Resources Systems
9	Finance	500	Developing PerformanceManagement System
10	Fragnance & Aroma Manufacturing	100	Institutional development

ARGE believes in leading by example.

We demonstrate our corporate social responsibility, by encouraging all our consultants to devote a full day of each week for voluntary work in NGOs to improve the quality of life in our community with a local, national, and global perspective.

ARGE – Partner to the Global Compact and Caring For Climate Initiatives

UN Global Compact Principles are accepted as minimum norms at ARGE. The UN Global Compact Principles compose a fundamental part of ARGE's vision, since ARGE is founded with the vision to strengthen corporate social responsibility. Beyond ARGE's alignment with the ten UN Global Compact Principles, ARGE's activities are intended to promote and develop the Corporate Social Responsibility concept and corporate governance principles in companies and NGOs, throughout Turkey.

For this purpose, we have some keys for success;

- **For Value Creation** – Utilize skills and/or systems developed to improve management quality by establishing focus in line with corporate values and mission.
- **For Impact** – Cooperate with NGOs and develop their institutional capabilities for better acceptance and mobilization of larger resources. Projects conducted *vis-à-vis* NGOs are widely accepted rather than just being individual company actions.
- **For Sustainability** – Apply good governance principles to CSR projects and NGOs.
 - Being creative and proactive in thinking.
 - Working with the parties that implement the Global Compact.
 - Working on a project or with a party if there is a potential to add value.
 - Improve Recognition of Best Practices.

One of ARGE's major tools to promote corporate social responsibility is its partnership with several NGOs that are very effective in their areas of operation in Turkey. As a result of its vast amount of experience in the area of management consultancy, ARGE supports the operations of NGOs in the areas of institution building, strategy formation, and total quality management. In this respect, in line with its mission and vision, ARGE aims to promote corporate social responsibility among other organisations and integrate its management consultancy experience within its projects in partnership with its network of clients and other NGOs.

CSR Impact

ARGE Consultants look for getting big impact too in their volunteer activities. To do so, they take leadership role in volunteer associations such as GC Turkey Network, Corporate Volunteer Associations; developing environmental impact model, micro loan entrepreneur award models; write articles, books to contribute society, give lectures, attend panels. All of these activities had positive impact on tens of thousands of people's lives.



Six main areas which ARGE has impact on Community

1. **Bringing Management Quality to Turkey;** ARGE has been instrumental in initiating the National Quality Movement and preparing its clients' management systems that led Turkish companies to consistently be among the top two European Quality Award winners (EFQM)
2. **Promoting Volunteerism in Corporate Sector:** It is our policy to encourage our employees to spend one day a week on a pro –bono basis for improving the effectiveness of non – profit organizations. ARGE has been recognized for the impact on the society of its CSR activities:
 - a. At the European Parliament by Generation Europe to be among the top three firms to “Shaping the Future”
 - b. By the European Commission to be the only Turkish company featured in “Responsible Entrepreneurship” publication

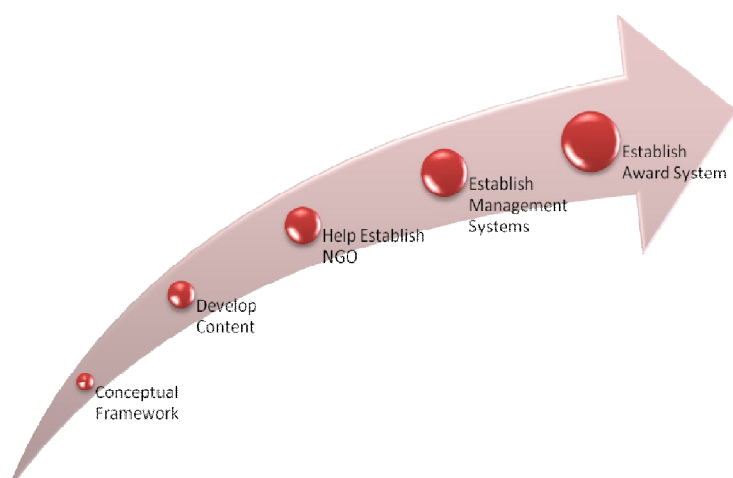
- c. As a CSR case study by the Bosphorus University and
- d. Taken as a “Best Practice CSR’ by CSR4U of Ireland

ARGE has also been instrumental in encouraging major firms operating in Turkey to improve their own volunteer efforts by helping establish the Corporate Volunteers Association and developing and running a Volunteer Awards Scheme under the aegis of CVA

3. **Leading the UN Global Compact:** ARGE has been the first Turkish company to sign the UN Global Compact, and last year our Chairman has assumed the role of National Representative of UN Global Compact. We are currently developing an innovative sectorial approach to increase the number of signatories of the UNGC Local Network. This methodology will be presented at the GC Leaders Summit in New York.
4. **Developing a world class Corporate Governance methodology:** ARGE values the sustainability of institutions highly and helps them with their governance implementations. Over the last year we have developed a methodology to measure effectiveness of corporate governance and published three books on governance one of which is in English namely, “Boardroom Secrets” that has been widely acknowledged by Davos participants. Also, our Chairman was selected by the Global Corporate Governance Forum to its Private Sector Advisory Group.
5. **Developing the Competitiveness Award** for increasing the competitiveness level of Turkish Corporations: ARGE consultants took active part in the development, preparation and launch of the Competitiveness Award in Turkey, run by SEDEFED and REF. The award was announced, and will be given in the yearly competitiveness congresses which were supported by ARGE partners since its initiation. This award will be highly instrumental in encouraging and increasing the competitiveness levels of Turkish Companies.

The reason for our high impact is the approach we take ;

1. First we focus on developing a conceptual framework for the issue at hand



2. Then, we develop content, examples, and case studies to help our network understand the issue well. At this stage we write articles, books, give speeches, and identify and recruit key players who are likely to walk the talk about the issue at hand and act as role models.

3. At this stage we help establish a specific NGO whose sole goal is to promote the issue at hand and gather support to the idea rather than

promoting our own efforts or interests. Issue comes before interests of any player.

4. We also focus on the proper governance of the NGO to sustain intellectual and financial support to the issue by a broad group of institutions. Generally, one ARGE consultant serves on the board of the relevant NGO to ensure appropriate guidance and oversight.
5. In order to promote the right kind of behaviour around the issue, we establish a credible award scheme that is judged independently but according to a specific criteria (generally developed by ARGE). Providing feedback to both the winners and losers is a key element of improving future performance.



Also a condition for winning the award is to behave as a role model for the issue and allocate resources to promote the issue for at least a year.

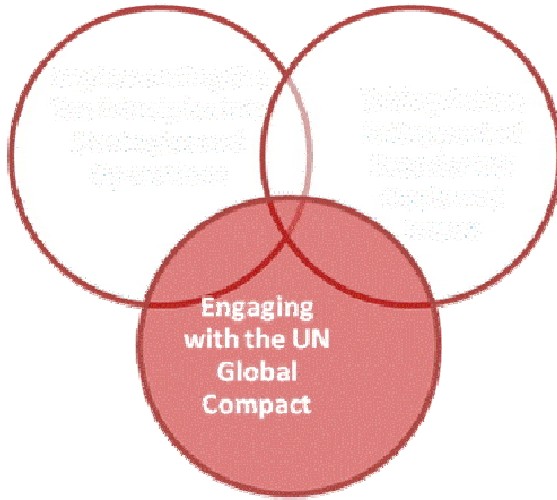
6. We measure progress and improve the methodology and our reach through successful implementers to continue to promote the right kind of behaviours and achieves significant development throughout the community

Regardless of the content of the issue (Quality, volunteerism, CSR, governance) this methodology helps mobilize the community around desired behaviours and achieves significant development throughout the community.

ARGE CSR Yearbook

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Signed the Global Compact the first signatory from Turkey	NGO management – Member of the board of management of TEGV (also had taken role in its establishment in 1995)	Supported BUMED – Bosphorus University Alumni Association for its application to the National Quality Award	Speech about CSR in Turkey in Barcelona at the Global Compact Summit	Chairman of ARGE has been selected as one of the “100 Global Leaders of Tomorrow” by the World Economic Forum for his commitment to improve the management quality throughout the community	Signed the statement for “Caring for Climate”	Leader of GC Türkiye Network	Leader of GC Türkiye Network Steering Committee activities New approaches for expanding network participation	Leader of GC Türkiye Network Steering Committee activities Sectoral Approach (Automobile, Pharma)	<ul style="list-style-type: none"> ✓ Leader of GC Türkiye Network ✓ Steering Committee activities
Initiated the National Quality Movement at Kalder (Turkish Quality Association) in 1998. Active promoter since its inception	ARGE ‘Developing Civil Society’ project – case Study at Bogazici University	Actively worked for CVA and BUMED	BUMED won the National Quality Award	NGO management – Member of the board of management of TESEV	Corporate Volunteer Awards –initiated and contributed to the development of the awarding procedure – rewarding best CSR activities Actively worked for CVA	Corporate Volunteer Awards –initiated and contributed to the development of the awarding procedure – rewarding best CSR activities Actively worked for CVA	Corporate Volunteer Awards – Third Award Ceremony Actively worked for CVA Performance indicators and reporting system designed	Corporate Volunteer Awards –Fourth Award Ceremony	<ul style="list-style-type: none"> ✓ Corporate Volunteer Awards –Fifth Award Ceremony
Developed an NGO training program	ARGE ‘Developing Civil Society’ project presented as best practice to International Universities by the European Clearing House	BUMED won the National Quality Award	“Intellectual Management” – an ARGE Publication	CSR activity – project manager in TESEV Good Governance project	Given lectures about CSR at numerous universities and occasions	Given lectures about CSR at numerous universities and occasions	NGO management – Member of the board of management of CVA	NGO management – Member of the board of management of CVA	<ul style="list-style-type: none"> ✓ NGO management – Member of the board of management of CVA ✓ OECD Business and Industry Advisory Committee (OECD private sector) Governance Vice Chairman ✓ Global Corporate Governance Forum Private Sector Advisory Group

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Established the Corporate Volunteers Association (CVA)	Role in the establishment of the Civil Society Management Certificate Program at Bosphorus University	"Change Management" – an ARGE Publication	Actively worked for CVA and BUMED	Responsibility of the session – Participatory Democracy Mechanisms: NGO's and CSR' at the 15th National Quality Congress	Active role in the development of 'ENGAGE Istanbul' network – a collaboration platform between CVA(Turkey) and Engage (UK)	ARGE and Microsoft on the Road	Given lectures about CSR at numerous universities and occasions	Given lectures about CSR at numerous universities and occasions	✓ Given lectures about CSR at numerous universities and occasions
NGO management –Member of the board of management of Kalder (Turkish Quality Association)	Supported BUMED – Bosphorus University Alumni Association for its application to the National Quality Award	Actively worked for CVA and BUMED	Creating opportunity of individual development for employees	CSR activity – trained a group of elementary students for the debating contest	NGO management – Member of the board of management of CVA	NGO management – Member of the board of management of CVA	Weekly first page column on strategic insight at the Turkish business daily, Dünya	Weekly first page column on strategic insight at the Turkish business daily, Dünya	✓ Lots of articles about management was shared
CSR activity – Built a library at its 'Adopted School'	Actively worked for CVA and BUMED	Change Management" – an ARGE Publication		Actively worked for CVA	Chosen as Best Practice by CSR4U	Weekly first page column on strategic insight at the Turkish business daily, Dünya	Developed "Microloan performance evaluation model" – Second award ceremony	Developed "Microloan performance evaluation model" – Third award ceremony	✓ Developed "Microloan performance evaluation model" – Fourth award ceremony
Corporate Social Responsibility" – an ARGE Publication	"Strategic View" and "Reputation Management" – ARGE			"Management of Voluntary Associations" – an ARGE Publication	"ARGE Corporate Governance Model" – an ARGE Publication Publication of a book on governance titled "Boardroom Secrets" - Turkish	Designed "Environmental Impact Model" – an ARGE Publication Data Mining" – an ARGE Publication	"Benchmarking" – an ARGE Publication A new book – "BOARDROOM SECRETS" published English and revised	Worked on book named "KPI" ARGE Publication	✓ Published "Keys to Governance"
				Speech about "Preparing the Future of European Education" at WEF and "Entrepreneurship and Innovative Employees" at Istanbul Chamber of Industry (ISO)	Designed a model for corporate governance	Developed "Microloan performance evaluation model"	Participating as a jury member to competitions in universities	Creating opportunity of individual development for employees	✓ Creating opportunity of individual development for employees



Detailed CSR Activities Leader of GC Türkiye Network

The Global Compact National Network is the platform for all signatories of the Global Compact in Turkey which are committed to the principles and practices of the United Nations Global Compact. The Network defines its own agenda and activities according to the local conditions and priorities of Turkey. The Network undertakes any activities considered necessary to promote and support the principles of the Global Compact.



that meets minimum twice annually to implementation of the activities of the Committee is an assembly of five government and the United Nations, engaged in the Global Compact and who are committed to advance the implementation of the Global Compact National Network in Turkey.

ARGE took an active role in steering committee and Dr. Argüden has been selected to lead the GC Türkiye Network.

Global Compact Network in Türkiye

The Global Compact Local Network (GCLN) Türkiye was launched in 2002. The network unites a wide range of companies and organizations committed to the principles of responsible corporate citizenship. In the first decade of the Global Compact, Turkish Network has become one of the ten largest local networks in the world and in 2009 hosted the Annual Local Networks Forum in Istanbul.

Some highlights about the Turkish Network:

- Among top 15 tax paying companies, 6 of them are members
- 12 of the top 20 Conglomerate firms of Türkiye are members
- Two of the largest Chambers of Commerce and Industry are members.
- The largest Chamber of Commerce, The Istanbul Chamber of Commerce represents 27% of Turkish GNP.
- The largest Chamber of Commerce and Industry, The Bursa Chamber of Commerce and Industry represented over 30,000 SMEs mainly in the automotive industry.

The Turkish GC Steering Committee is a multi-stakeholder advisory body to provide ongoing strategic and policy advice for the implementation of the activities of the Global Compact National Network. The Steering Committee is an assembly of four constituency groups - business, civil society, labor and the United Nations, three of which are representatives of large firms (the two largest Turkish conglomerates - Koc Holding and Sabanci Holding, and Aksa), two of them are NGOs (Tüsiad and Tisk), and the last two are SMEs (ARGE Consulting and Zed Event Management).

The Steering Committee has identified four areas of focus in setting the GC National Network objectives:

1. Marketing & Communication

- Tracking efforts
- Increasing the sharing culture to become an effective network
- Disseminating information from the UN
- Organizing seminars, meeting to inform and share latest developments with network participants
- Making activities to increase the awareness about GC and Türkiye Network

2. Development of Reporting Performance

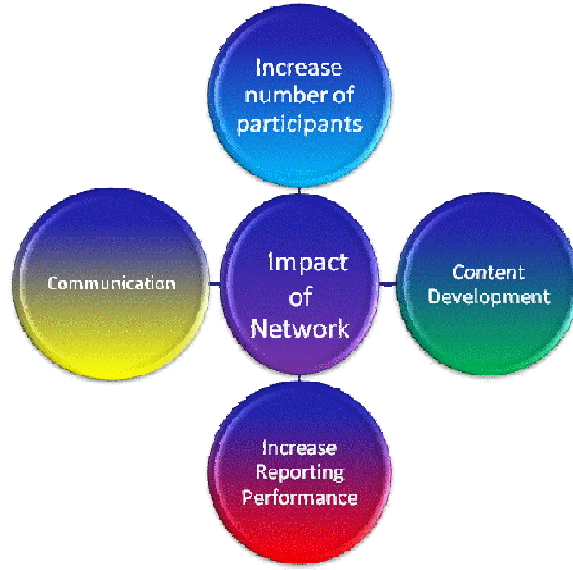
- COP Tracking/ Guiding
- Taking action to develop COP standards
- To increase notable COP's from Türkiye

3. Content Development (Knowledge Creation):

- Developing mechanisms to inspire participants for working within the ethical and basic principles (developing an award process)
- Publishing periodically, developing literature in Turkish
- Taking an active role in developing standards for the network to seek out new developments, support of research institutions and scientific studies

4. Developing The Network

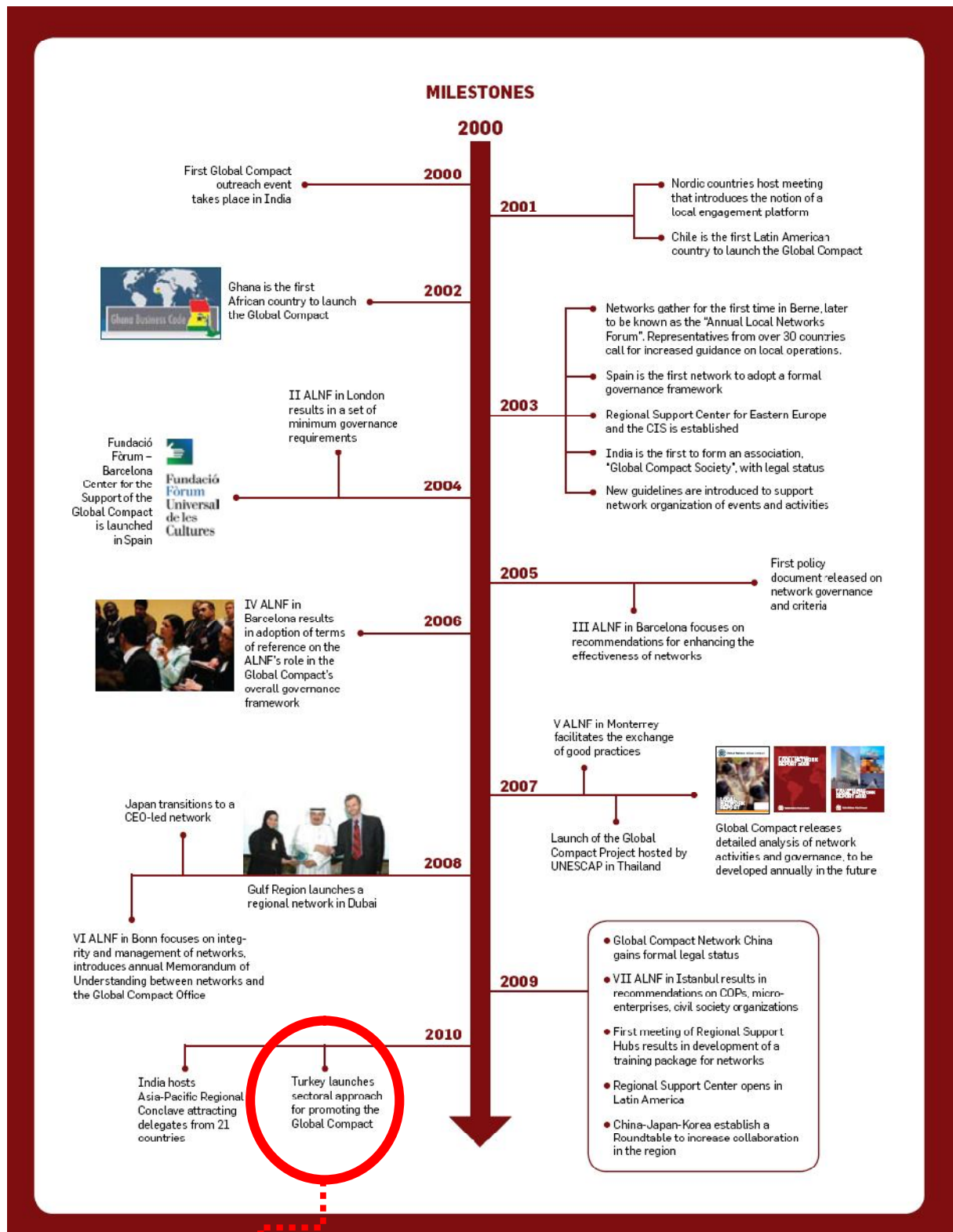
- Increasing the number of participants
- Decreasing the number of non-communicating participants



Global Compact Turkiye Network

Steering Committee Participants
AKSA AKRİLİK
ARGE Consulting
Koç Holding
Sabancı Holding
TISK
TUSİAD
ZED Event Management

The Steering Committee is an assembly of four constituency groups - business, civil society, labour and the United Nations, engaged in the Global Compact and who are committed to advance the implementation of the Global Compact National Network in Türkiye.



Sectoral Approach, which was designed and implemented first by Turkish Network, defined as an important milestone in Global Compact Activities.

CVA

The Corporate Volunteers Association strives to enhance the quality of life by promoting and fostering corporate volunteerism through the sharing of ideas and information on corporate volunteer management and issues of community concern.

CVA aims to promote and establish volunteerism within the corporate community and the community in general. With this mission CVA is giving volunteerism awards since 2007 to contribute volunteerism becoming widespread in the society, rewards the best practices leads more than seventy companies' volunteer efforts.

Dr. Argüden and Pinar Ilgaz both partners of ARGE and also board members of Corporate Volunteers Association.

ARGE designed the award criteria and process, lead the implementation, and had an active role in volunteer's award jury to promote innovativeness, impact, and sustainability of volunteerism projects and programs of private sector companies.

In 2011 fifth time, award process implemented.

Award Categories

A. Best Practice in Voluntary Program

B. Best Practice in Voluntary Project

C. Best Practice in Creative Voluntary project

D. Best Volunteer





AWARD Ceremony

30th November 2011



Best Practice in Creative Voluntary Project

Bilim İlaç / Kariyerimin Kontrolü Bende

Best Practice in Voluntary Project

Garanti Bankası/ Elim Sende

Best Practice in Voluntary Program

Koç Holding / Ülkem İçin

Best Volunteer

IBM / Derya Sel

Bilim İlaç / Kadir Gökbakan

Special Prize for Best Volunteer

Özlem Denizmen



TÜRK İŞ DÜNYASININ EN PRESTİJLİ 20 ÖDÜLÜ	
Ödül	Kim tarafından verilir?
Ulusal Kalite Ödülleri	TÜSİAD ve KALDER
Rekabet Gücü Ödülü	TÜSİAD ve SEDEFED
eTR	TÜSİAD ve YBV
Teknoloji Ödülleri	TÜBİTAK, TTGV ve TÜSİAD
Sanayide Enerji Verimliliği Ödülü	Enerji ve Tabii Kaynaklar Bakanlığı
Gönüllülük Ödülleri	Özel Sektör Gönüllüleri Derneği (ÖSGD)
İhracat Odulu	Türkiye İhracatçılar Meclisi (TİM)
Başarılı İhracatçı Ödülleri	İTO
Türkiye'nin En Beğenilen Şirketleri	Capital Dergisi
AMPD Ödülleri	AMPD
SKALİTE- Turizmde Kalite Ödülleri	Skal International İstanbul
Anadolu Markaları	Finansbank, Capital ve Ekonomist Dergisi
Yılın Girişimcisi Ödülü	Ernst&Young
Girişimcilik Ödülleri	TOBB
Türkiye'nin Kadın Girişimcisi Ödülü	Garanti Bankası, Ekonomist Dergisi ve KAGİDER
Başarıya Yürüyenler	Capital Dergisi ve Johnie Walker
Kırmızı Reklam Ödülleri	Hürriyet Grubu
Effie Ödülleri	Reklamcılar Derneği ve Reklamverenler Derneği
Ekonomide Yılın İş İnsanları Ödülü	Ekonomist Dergisi
İnsan Yönetimi Ödülü	Türkiye Personel Yönetimi Derneği (PERYÖN)

ARGE is very good at designing "award models" and "implementation process".

"Competitiveness Award" was selected as second prestigious award in Turkey by very known business magazin Capital.

When "The most prestigious awards of business" is listed, 3 of the most prestigious of the awards were designed and/or have contribution on designing or implementing process by ARGE.

Main Subjects of Articles

- ✓ Business
- ✓ Individual Development
- ✓ Public
- ✓ Corporate Governance

“ARGE aims to increase the awareness of the society and the leaders, to trigger an action for improvement the quality of management / life”

Articles which serves some clues for improving management quality

Dr. Argüden believes that the most effective way of increasing information is sharing. So, he shares his articles for improving management quality in Türkiye.

Lectures

Dr. Yılmaz Argüden gave lectures in 2011 as follows:

- ✓ School of Futurism,
- ✓ Yıldız Teknik University ,
- ✓ ANSIAD (Antalya),
- ✓ Gaziantep Chamber of Industry,
- ✓ Investor Relations Conference,
- ✓ TKYD,
- ✓ IMSAD,
- ✓ SEDEFED,
- ✓ Competition Congress

ARTICLES

2011.01.28	Social Entrepreneurship
2011.02.10	Telecom Companies
2011.02.24	Internet Generation
2011.03.04	Plus One Social Step
2011.04.01	The Importance of Point of View
2011.09.16	Women Bring Richness
2011.09.23	Digital Production
2011.09.30	Search Economy
2011.09.01	Seeing New Business Potentials
2011.10.07	Increasing the Quality of Decision
2011.10.14	Corporate Adoption and Efficiency of Implementation
2011.12.02	Statistical Information Increases The Quality of Decision Making
2011.12.23	Every Day, Every Year is a Gift for Whom Appreciates
2011.09.30	Source of Richness for the Boards -Women
2011	Diversity at the Head Table
2011	Global Boards Help Make Companies Global

- ✓ In 2011, Mr Argüden selected for,
 - OECD Business and Industry Advisory Committee (OECD private sector) as Governance Vice Chairman,
 - Global Corporate Governance Forum Private Sector Advisory Group membership

“Our mission is to create value”

Developing micro loan entrepreneur award model

ARGE helped to develop model for assessing micro loan project for low-income entrepreneurs for Citibank.

Since ARGE has deep experience in developing models and establishing a process for award mechanisms, the Citibank Award Advisory Committee asked ARGE for help. With a perspective of sustainability and continuous development principles we defined parameters and designed data base format. This model and data base format will be used for the next years' award process.

In 2011, nearly 3.000 contestants were evaluated by our evaluation model between ages 23-72 in five different categories; financial success, social impact, vision, individual contention and hopeful entrepreneurship.

We are proud of being a partner of such a meaningful award, and having a chance to touch these women's lives.

The name of the credit is "micro" but the impact is "macro"

Publications:

KEYS TO GOVERNANCE STRATEGIC LEADERSHIP FOR QUALITY OF LIFE Dr. Yılmaz ARGÜDEN

Good governance is the key to sustainability of our organizations and success of humanity in improving quality of life for all citizens of our world. Governance is much more than just the structure, processes, and rules of decisionmaking and controls. **Good governance is a culture and a climate** of Consistency (predictability), Responsibility, Accountability, Fairness, Transparency, and Effectiveness that is Deployed (subsidiarity¹) throughout the organization (the 'CRAFTED' principles of governance.)

"Keys to Governance" 2011

"Boardroom Secrets" 2009

"Benchmarking" 2009

"Data Mining" 2008

***"ARGE Corporate Governance
Model" 2007***

***"Management of Voluntary
Organisations" 2006***

"Intellectual Capital" 2005

"Change Management" 2004

"Strategic View" 2003

"Reputation Management" 2003

***"Corporate Social
Responsibility" 2002***

"Value Management" 2001

"Balanced Scorecard" 2000

With both meanings of the word subsidiarity: (i) As a principle of social doctrine that all social bodies exist for the sake of the individual and therefore social institutions should not take over what individuals can do by themselves, and (ii) In political systems, the principle of devolving decisions to the lowest practical level, empowerment.

Good governance starts with the individual and is applicable in all types of organizations, starting from the family and extending throughout the community, company, non-governmental organizations, governments at all levels, all the way to global institutions.

This book elaborates the keys to good governance. What is interesting is that these principles, despite different forms of application, are common regardless of the size, complexity, and jurisdiction of an organization. Furthermore, it requires an understanding of "regarding the others, as you regard yourself" to become prevalent. This understanding transcends the individual's interests and requires considering not only interests of others that we share our planet with, but also interests of future generations. Good governance is the key to effective utilization of our limited resources and not only improves the quality of life, but also ensures sustainability of life on our planet.

The essence of good governance is ensuring trustworthy relations between the institution and its stakeholders. Trust is the foundation of sustainable development. Good governance is the key to establish common expectations, to devise effective policies and processes in order to achieve desired performance levels in a sustainable fashion. Governance involves the rights and processes of decision making and exercising controls in an organization to achieve mutual goals. In short, governance is about performance.

In the new millennium, societies demonstrate and experience highly creative and efficient forms of governance and they

learn lessons from them. In this context, a new type of citizenship consciousness emerges. This new citizenship consciousness symbolizes a new identity that acknowledges its own problems, demands higher standards but at the same time plays an active role in the formation and realization of these

standards, that creates solutions from within and that forms the necessary structures for this purpose: in short, this new identity has a determination to shape its own future.

To establish these structures, consistency is necessary at a global scale. Global consistency requires a convergence on implementing common values in all aspects of life. The solution has to start at grassroots: if transformation and change can be inspired at all levels of society, the process to shape the future begins. The role of those who do not take part in the process will be limited in a future shaped by others. Thus, for sustainability of our institutions we need to consider new ways of involving all stakeholders in governance mechanisms.

The basic element of any community or organization, is the individual. Therefore, the domain of governance starts from the individual and extends all the way to all of humanity, global governance. Good governance takes place at four levels in societal life: 1) Individual, 2) Corporate, 3) NGO, and 4) Public Sector, which in turn has three layers: i) Local, ii) National, and iii) Global. At all these levels, if the stakeholders are driven by common values of having an open mind for continuous learning (**curiosity**); an open heart for sharing (**responsibility**); a quest for effective utilization of resources for **value creation**; and accountability, consistency, transparency, and fairness for **building trust**, then the fundamentals are in place for establishing the rules of engagement for good governance, paving the path for shaping their own future.

This book argues that good governance is key to sustainable development of quality of life, the values and behaviors that drive good governance are similar for all types of insititutions, and if we are to shape our own future, we need to start from the individual and our education systems.

It is my sincere wish that this book will be useful in the development of good governance culture, throughout the world and contribute to the establishment of trustworthy relationships between all types of organizations and their stakeholders, thereby ensuring effective, sustainable, and equitable resource utilization to improve the quality of life throughout the globe.

<http://www.amazon.com/Keys-Governance-Strategic-Leadership-Quality/dp/0230278140>

International Certification of Capabilities

All ARGE partners and managers are qualified quality assessors and certified management consultants (by ICMCI).

“The assurance of our future is our passion for learning.”



Opportunity of individual development for employees

We believe that the more knowledge employees get the more effective ARGE will be in devising solutions to the problems of her clients. With this motto all employees of ARGE are encouraged and supported to pursue their self-improvement educational studies such as attending seminars, and continuing postgraduate education.

Partnership with NGO's

TESEV – The Turkish Economic and Social Studies Foundation

ARGE has provided project management and leadership support to our partner NGO –TESEV since 2006, in a project named 'Good Governance - Quality of Life'.



'Good Governance' project aims to strengthen governance at the local level by increasing the participatory role of civil society in local governing. The project aims to develop mechanisms to make civil society able to affect decision making processes. The project has been implemented in 6 pilot cities.

Urged the integration of the quality concept in good governance principles and practices. The ongoing project is a good example of developing and maintaining anti-corrupt, transparent, accountable, efficient, sustainable practices in public governance – with a continuous will of generating good quality services

KALDER – Turkish Quality Association

Chairman of ARGE, started the National Quality Movement in Turkey in 1998 while he served as the Chairman of the Turkish Quality Association (KalDer). National Quality Movement aimed to improve the management effectiveness of private, public, and civil society institutions throughout Turkey by promoting TQM philosophy. The National Quality Movement is probably one of the most effective national programs to extend the use of the EFQM model and could provide an interesting example for other countries as well. This project extended the implementation of the EFQM Excellence Model to all walks of life, from industry to service sectors; from large institutions to very small organizations; from private sector to public sector and even the NGOs. Also, a new award category for NGO's, has been established for the first time in Europe to promote utilization of good governance principles in the NGOs. Within National Quality Movement, 60.000 people have been trained in country wide. Local Quality Days are organized in order to deploy the National Quality Movement country wide.



TEGV - The Educational Volunteers Foundation

One of the foremost non-governmental organization operating in the educational field in Turkey through volunteer participation. TEGV has reached more than 1.000.000 children and young people (ages 7-16) during the eleven years since its foundation in 1995, with the active support of over 10,000 volunteers, mainly between the ages of 18 to 26.



Performance Indicators

		MAIN ISSUE	2011 Targets & Plans	Results of 2011	2012 Targets & Plans
LABOUR STANDARDS		Number of Woman Employees/Number of Total employees	40%	40%	40%
		Absence of working days (day/man)	2	4	2
		Non- discrimination	Fair Treatment	We sustained our fair and proper policy in 2011	We will sustain our fair and proper policy in 2012
		Wages	Fair and systematic treatment based on performance and organizational responsibility level	We sustained our fair and systematic policy in 2011	We will sustain our fair and systematic policy in 2012
HUMAN RIGHTS		We obey the legal and ethical rules in line with human rights and prefer to give service to customers who work with the same motto.	We will sustain our fair and proper policy in 2012		
		Recruitment Process	Fair treatment	Worked with designed	We will sustain our fair and proper recruitment
		Individual development. Training days (day/man)	20	18	20
		Internal Communication	Access to internet, company server/ Laptop for every employee/ Celebration of birthdays with a small party and giving gifts	We sustained our defined policy in 2011	We will sustain our policy in 2012
		Timesheet - a system to plan, record and monitor hours worked by each employee	Motivate for a balanced and efficient time usage		
ENVIRONMENT	Water Usage	Level of water consumption (m3)	60	60	
		Level of water consumption per person (m3/person)	4,0	4	4
	Electricity Usage	Level of electricity consumption (kwh)	13.400	13.400	13.400
		Level of electricity consumption per person (kwh/person)	893	900	893
	Natural Gas Usage	Level of energy consumption (natural gas, m3) (heating purpose)	Our buildings' heating system is for common usage	2.000	We aim to reduce our consumption
		Level of energy consumption (natiral gas, m3) (production purpose)		-	
		Level of energy consumption per person (natural gas, m3/person) (heating purpose)		133	
	Paper Usage	Level of paper consumption (kg)	140	130	120
		Level of paper consumption per person (kg/person)	9,1	Reduced to 8,6	We aim to reduce our consumption and continue to support recycling process in 2012
ANTI - CORRUPTION		We are against any kind of corruption and this is at the heart of all our activities and take consider into our suppliers and customers approach in this matter. We take outside and independent audit service for our activities.	We will continue our way of living with high loyalty to our ethical values.		
VOLUNTEER ACTIVITIES		Publishes	We will publish a new booklet about "KPI". We will publish a new booklet to contribute our society and send out more than 3000 readers in 2011	We worked on "Keys to Governance" book and published in 2011	We will publish a new booklet in 2012
		Articles	We will continue to publish articles	We have published 27 articles	We will continue to publish articles
		Lectures	We will give at least 8 lectures in 2011	8	We will give lectures about management
		Volunteer activities (hours/man)	We will continue our attribute with the same passion in 2011	322	We will continue our attribute with the same passion in 2012