



**ARGE CONSULTING
SUSTAINABILITY REPORT 2006 / 2007**

“Helping you succeed...”

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.

ARGE's management endeavors to meet society's expectations from a business perspective and adds value to the community with its commitment to **corporate social responsibility** by being proactive, responsible, progressive, and competitive.

About ARGE

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, EU regulations and competition.

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.

Expertise in a different variety of industries 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 our ongoing projects.

ARGE's services target a **major improvement in its clients' business results**. We believe 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. It is only when these four factors are considered as a whole and in a well-balanced way that sustainable business results can be achieved. Our approach is, therefore, to try and balance all four factors to suit the requirements of our clients in order to achieve the best, world-class results.

CSR Approach in ARGE

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 pioneered the practice of corporate volunteerism by asking consultants to devote a full day of each working week for voluntary work in NGOs. This practice then became 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's Mission & Vision

Mission:

To create value by improving management quality

Vision:

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.
- Our most important asset is the trust of our clients.
- The assurance of our work is the quality of our people.
- The assurance of our future is our passion for learning.
- Science and technology are essential in improving the quality of life.
- Imagination is the key to creativity and leadership.
- The key to success is achieving sustainable improvements in competitiveness.

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 in a local, national, and global sense.

UN Global Compact Principles are accepted as default 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 NGO's, 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 being widely accepted rather than being individual company actions
- ✚ For Sustainability – Apply good governance principles to CSR projects and NGOs.
- ✚ Be creative and proactive in thinking,
- ✚ Work with the parties who implement the Global Compact,
- ✚ Start working on a project or with a party if you feel you have 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.

ARGE is recognized as a leader in Corporate Social Responsibility

At the end of 2002, the European Parliament provided the setting for a Europe-wide recognition of the impact of Developing Civil Society. Generation-Europe, a platform for the young leaders to interact with today's political and economic leaders, has voted to include **ARGE's** efforts among the top three of Europe's best Corporate Social Responsibility projects. Out of 25 competitors, all multi-billion dollar companies except **ARGE**, three projects were recognized for their impact on "Shaping the Future", one of which was ARGE.

Since 1991 ARGE makes a constant effort for CSR

- ☐ Work with NGOs to define vision, mission and strategy for them (e.g. NGOs like BÜMED, KaİDer, SEV, TEGV, TESEV, YDD)
- ☐ Initiate National Quality Movement
- ☐ Initiate the establishment of Corporate Voluntary Association
- ☐ Work with an elementary school- reading books to students, building a library
- ☐ Develop a NGO training program
- ☐ Promote EFQM Model for NGO's
- ☐ Support BÜMED for EFQM application
- ☐ BÜMED has been awarded the National Quality Award.

Communication on Progress – 2006

- ☐ Provide Assessors for the National Quality Award Process
- ☐ Develop a National Award program for Corporate Volunteerism as the Corporate Volunteers Association
- ☐ Within the framework of “School Friends Program” of the Corporate Volunteers Association; develop a methodology for corporate volunteers for implementing the “Debating Contest” among elementary schools and make it operational.
- ☐ For the “Debating Contest” – train adopted school’s debating team between the ages of 12 – 15 about debating and good communication skills.
- ☐ KalDer – Project Management for a benchmarking project for corporate social responsibility activities and preparing a final report.
- ☐ Presenting the results of the corporate social responsibility activities’ benchmarking project at the 14th National Quality Congress.
- ☐ Moderating the session ‘Participatory Democracy Mechanism: NGO’s and Corporate Social Responsibility’ at the 15th National Quality Congress.
- ☐ Project management of TESEV’s good governance project.
- ☐ Providing an additional value and proves its commitment to management quality published the book named “Management in Voluntary Organisations” (2006).

ARGE’s experience in the area of corporate social responsibility and management consultancy has also been deployed in an **ARGE methodology in the area of CSR**. The major NGO partners of ARGE and ARGE CSR methodology is introduced below.

KALDER

Turkish Quality Association (KalDer) has been founded in 1991 in order to promote the practice of Total Quality Management (TQM) approach in Turkey. KalDer aims to increase management quality in industry and services in order to enable Turkish firms better compete in the global market.

TESEV

The Turkish Economic and Social Studies Foundation (TESEV) is an Istanbul-based think tank supported by private sector funding both from Turkey and abroad. Established in 1994, TESEV receives no contributions or support from the Turkish government, and all its activities are non-governmental.

TESEV is an independent think-tank, which forms a bridge between academic research and the policy-making process. TESEV carries out research based on scientific principles, and seeks to share its findings with the widest possible audience.

CVA

The Corporate Volunteer 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 to establish volunteerism within the corporate community and the community in general.

PERYÖN

The Association for Personnel Management in Turkey (PERYÖN), being the first association of the profession, was founded in 1971 by a group of 8 volunteers. The founding members believed that personnel management profession should be represented in Turkey. Their aim was to follow the global trends on personnel management and share them with Turkish colleagues, develop the knowledge and coordination of its members and increase the importance of the human resources in the organizations.

TEGV

The Educational Volunteers Foundation (TEGV) is one of the most foremost non-governmental organizations operating in the educational field in Turkey through volunteer participation. TEGV has reached more than 400.000 children and young people (ages 7-16) in the nine years since its foundation in 1995, with the active support of over 10,000 volunteers, mainly between the ages of 18 to 26.

DEİK

DEİK is a non-profit, private sector organization established in 1986 by the nine principal private sector institutions in Turkey. The wide constituencies of its founding institutions enable DEİK to have broad access to the Turkish corporate sector. DEİK aims to develop bilateral economic relations between Turkey and more than 70 countries.

Other Partners

BUMED – Bosphorus University Alumni Association, TÜSİAD – Turkish Industrialist and Businessman's Association, YDD – Management Consultants Association, SEV – Health Education Foundation.

ARGE Methodology in CSR



APPROACH	ROLE	VALUE ADDED	METHODOLOGY
DEFINING THE STRATEGIES	Board Membership	<ul style="list-style-type: none"> - Providing the Strategic Perspective - Content Development 	Formulating / updating mission, vision and the values
ENSURING IMPLEMENTATION EFFECTIVENESS	Board Membership Committee Membership	<ul style="list-style-type: none"> - Being a Role Model - Performance Management 	Activating the resources, Conducting qualified, professional teams, Audit report and performance report, Setting the tools and mechanisms and implementing
PROMOTING BENCHMARKING AND INTERNATIONAL STANDARDS	Board Membership Committee Membership	<ul style="list-style-type: none"> - Activating the Communication Channels - Setting Direction 	Determining benchmark parameters, Analyzing the accepted standards related to measurement and evaluation, Evaluation of the accreditation / certification process
IMPROVING RECOGNITION OF GOOD PRACTICE	Board Membership Committee Membership	<ul style="list-style-type: none"> - Communication - Methodology Development - Public and Media Relations Management 	Encouraging the best practices, Setting the objective evaluation system, Planning and implementation of recognition of success through award process
TRAINING SUPPORT FOR DEPLOYMENT	Board Membership Committee Membership	<ul style="list-style-type: none"> - Content Development - Developing & improving partnerships 	Providing training support for implementation of best practices and creating good examples
ESTABLISHING SUSTAINABLE GOVERNANCE	Board Membership Committee Membership	<ul style="list-style-type: none"> - Deployment of Systematic Approach 	Improving sustainability by broadening ownership and deployment

UN GLOBAL COMPACT PRINCIPLES	INDICATORS for SUSTAINABILITY	ARGE's APPROACH & PRACTICES
<p><i>Principle 1:</i></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>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>As a corporate social responsibility project, we train 10 students between the ages of 12-15 as a debate team. These students are amongst the lowest income strata of the society. In this framework, our activities (reading, good communication skills, how to do research etc.) aim to support their education. Also, we have transformed a classroom into a library by maintaining the right equipment as well as maintaining the books. In this framework, our CSR activities support - the right to education on equal terms.</p> <p>We try to develop awareness among the students in respect of these principles.</p>
<p><i>Principle 2:</i></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><i>Principle 3:</i></p> <p><i>Business should uphold the freedom of association and effective recognition of the right to collective bargaining</i></p>	<p>ARGE policies on employment equity ensures to provide good working conditions which all employees could express their ideas.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Open –door policy <input type="checkbox"/> Feedback in formal and informal discussions <input type="checkbox"/> Excellent working conditions <input type="checkbox"/> Profit sharing, through bonuses, staff appreciation days 	
<p><i>Principle 4:</i></p> <p><i>Business should support the elimination of all forms of forced and compulsory labor</i></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 project basis.</p>	

UN GLOBAL COMPACT PRINCIPLES	INDICATORS for SUSTAINABILITY	ARGE's APPROACH & PRACTICES
<p>Principle 5:</p> <p><i>Business should support the effective abolition of child labor</i></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>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>
<p>Principle 6:</p> <p><i>Business should support the elimination of discrimination in respect of employment and occupation</i></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>Principle 7:</p> <p><i>Business should support a precautionary approach to environmental challenges</i></p>	<p>ARGE prevents, minimizes, mitigates the negative impact on the environment.</p>	<p>Through our CSR projects, we try to promote environmental responsibility and work with NGO's.</p> <p>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 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>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>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>

UN GLOBAL COMPACT PRINCIPLES	INDICATORS for SUSTAINABILITY	ARGE's APPROACH & PRACTICES
<p><i>Principle 10:</i></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 provides project management and leadership support to our partner NGO -TESEV, in a project named 'Good Governance'. '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. In this respect, the instruments used and the expected results could be summarized as follows:</p> <ol style="list-style-type: none"> 1) digital development maps – that show the development disparities within cities to determine how local public services and resources could be allocated most efficiently to eliminate the disparities 2) assessment of local public services via surveys conducted among the public 3) analysis of public expenditure to determine the criteria that these expenditures are based on and contribute to an increased consciousness among local governing institutions to spend according to the needs of the local areas 4) to contribute to the development of participatory strategic planning mechanisms, which is a legal condition with the new decree on local governance. In this line, the aim is to increase the capacity of non-governmental organizations to direct local governing bodies' public expenditure schemes. In this way, the expected result is to create an efficient use of public resources especially to build the necessary infrastructure in most needy areas and with a view to decrease poverty. <p>In this framework, the overall objective is increasing transparency, accountability, sustainability in local governing procedures which we believe is a direct effort against corruption.</p> <p>With the latest ARGE publication, 'Management in Voluntary Organisations', a methodology has been developed which determines the performance criteria in the operations of voluntary organisations. In this way, the aim is to make the</p>

UN GLOBAL COMPACT PRINCIPLES	INDICATORS for SUSTAINABILITY	ARGE's APPROACH & PRACTICES
		strategies, objectives and activities of voluntary organisations more visible, more result-oriented via the application of self-assessment procedures. ARGE aims to direct and support voluntary organisations with this methodology which as well provides the ground to apply its wide-range of management consultancy experiences in voluntary organisations. We believe that in this way, we would support the capacity-building of voluntary organisations, which would make their operations more transparent, effective, sustainable and accountable.

ARGE publications compose one of the best indicators for its commitment to corporate social responsibility and the improvement of management quality in Turkey.

ARGE publications

“Management of Voluntary Organisations”

2006



“Intellectual Capital”

2005

“Change Management”

2004



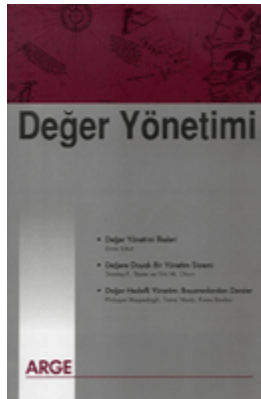
“Strategic View”

2003



“Corporate Social Responsibility”

2002

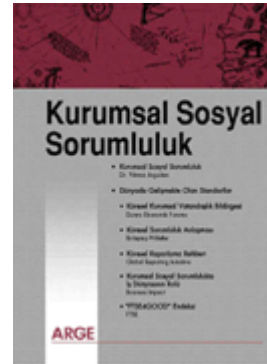


“Balanced Scorecard”

2000

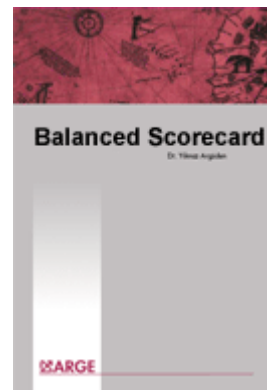
“Reputation Management”

2003



“Value Management”

2001



ARGE Prepares Organizations for the Future

- **Since 1991**, ARGE Consulting
 - helps its clients to succeed by introducing world class methodologies to gain competence to reach world-class performance and
 - to transform increasing business performance into organizational values.
- In this context, ARGE serves its clients by providing a strategic vision, relevant competitive insights, and broad experience.

ARGE Operates Under Four Advisory Service Areas

Strategy	Business Excellence	Institution Building	EU & Competition
Strategy Development	Assessment of Business Effectiveness	Human Resources Management Systems	EU Strategy Development
Strategy Implementation (Balanced Scorecard)	Total Quality Management	Corporate Governance	EU Impact and Compliance Studies
Strategic Alliances & Post Merger Integration	Restructuring	Corporate Governance in Family Businesses	Competition Rules and Compliance
Value Management	Development of Product & Customer Portfolio	Intellectual Capital Management	EU Funds

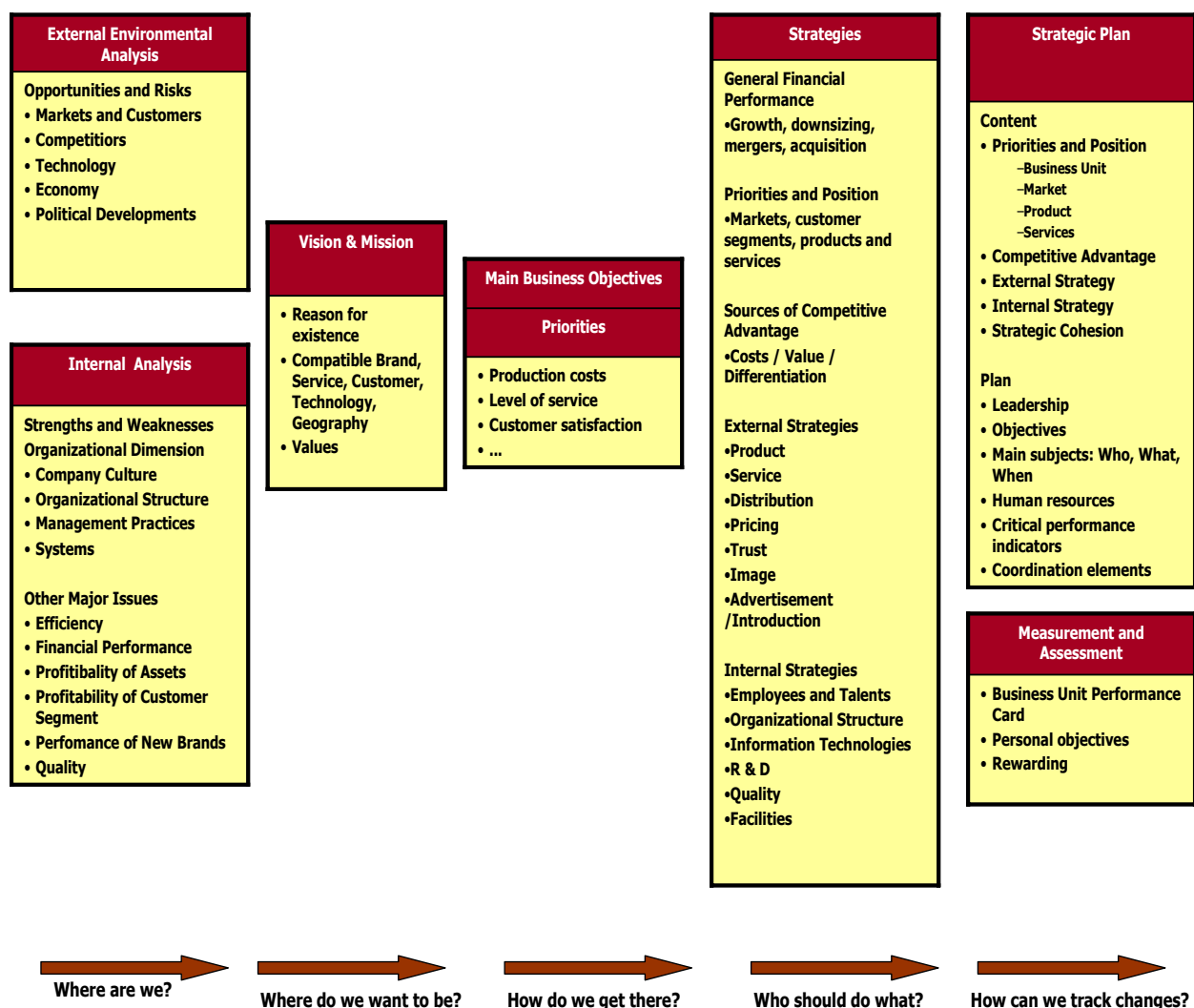
❖ Strategy

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**.

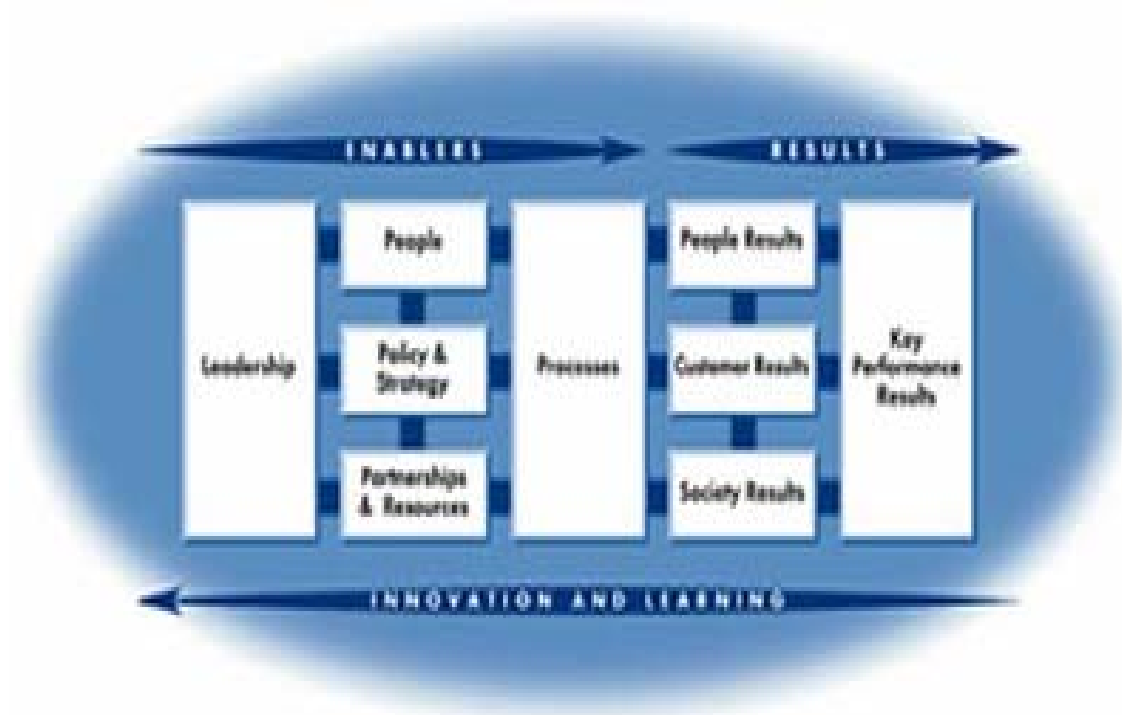
Strategic Planning Methodology



❖ **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 experiences in various sectors, generates value for organizations in process re-engineering and in management quality.

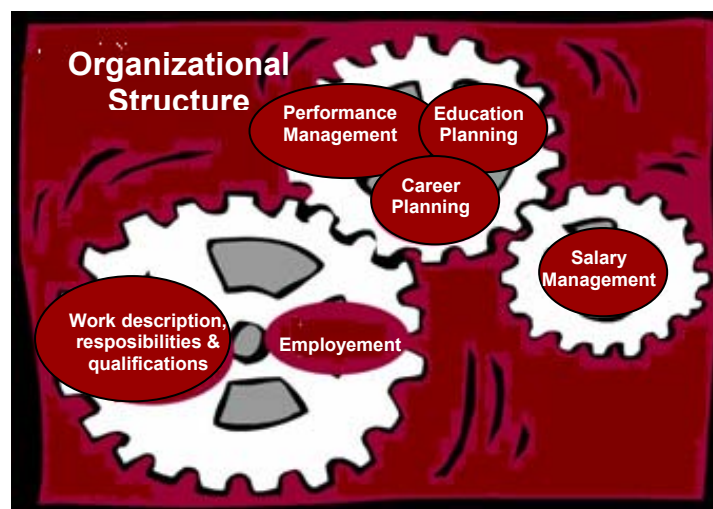
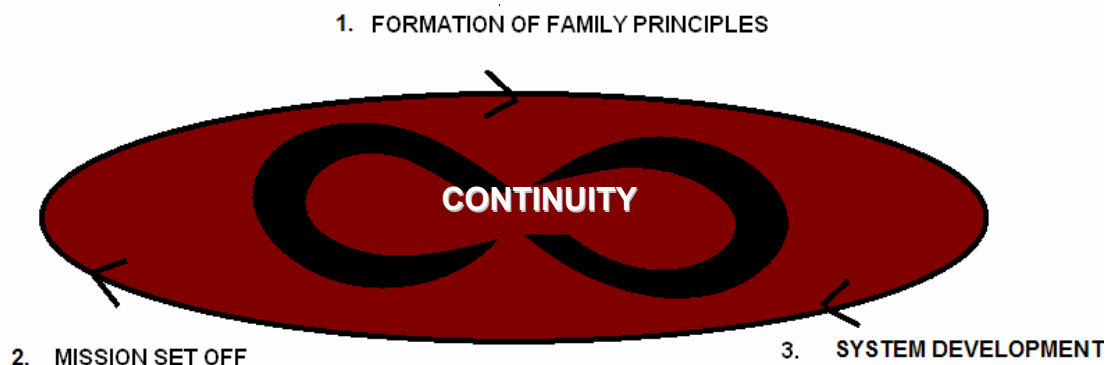
Organizations that we have supported in Total Quality Management concept have gained important achievements in their applications for **National Quality Awards** and in **EFQM** processes which positively affected their business results.

❖ ***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.



❖ EU & Competition

EU Strategy Development and Implementation

In order for organisations (public, private and NGOs) to operate effectively within the process of Turkey's accession to the EU, we help them with their adaptation to the EU norms, processes, and rules. Content development and creating competitive advantage through deep understanding of necessary change management issues creates value for clients.

EU Impact and Compliance Studies

The formulation of relevant impact and compliance studies is vital for organisations to position themselves in the EU integration process. ARGE conducts impact studies to determine the competitive advantage of organisations as well as the risks ahead.

Competition Rules and Compliance

Our team is composed of lawyers, economists ,and strategy experts in competition law. We give consultancy services at all levels related to competition rules and compliance.

EU Funds and Projects

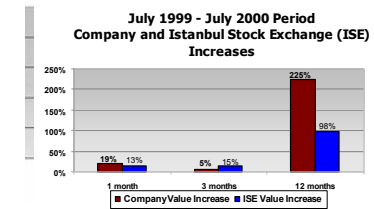
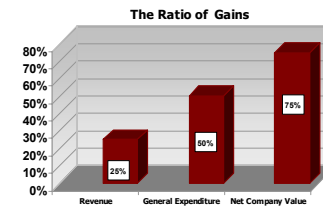
The correct formation in the application and development of a project in line with the objectives of funding programs is vital for benefitting from the EU funds. Our expert team presents the relevant funding opportunities and helps formulate the application.



Adds Values to the Business of Its Clients

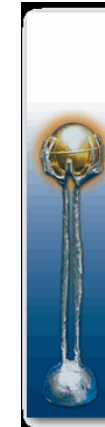
High performance & profits

Through Strategic Approaches



National & European Quality Awards

Through Business Excellence Services



Effective management systems for thousands of employees

Through Institution Building Initiatives



Introduction and implementation of innovative management approaches



500+ projects with 200+ organizations



Provides World-Class Services Through the quality of its Employees

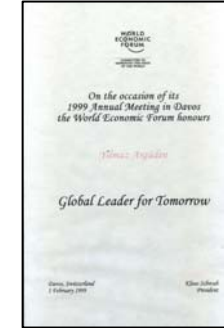


**Certified
Management
Consultants
(CMC)**



Certificate

**Quality
Assessors**



**Global Leader for
Tomorrow (GLT)**



**EU Financial Assistance to Turkey
Membership of European Commission
Expert Team**



**Private Sector
Volunteers
Association
(OSGD)
Volunteer
Envoys**