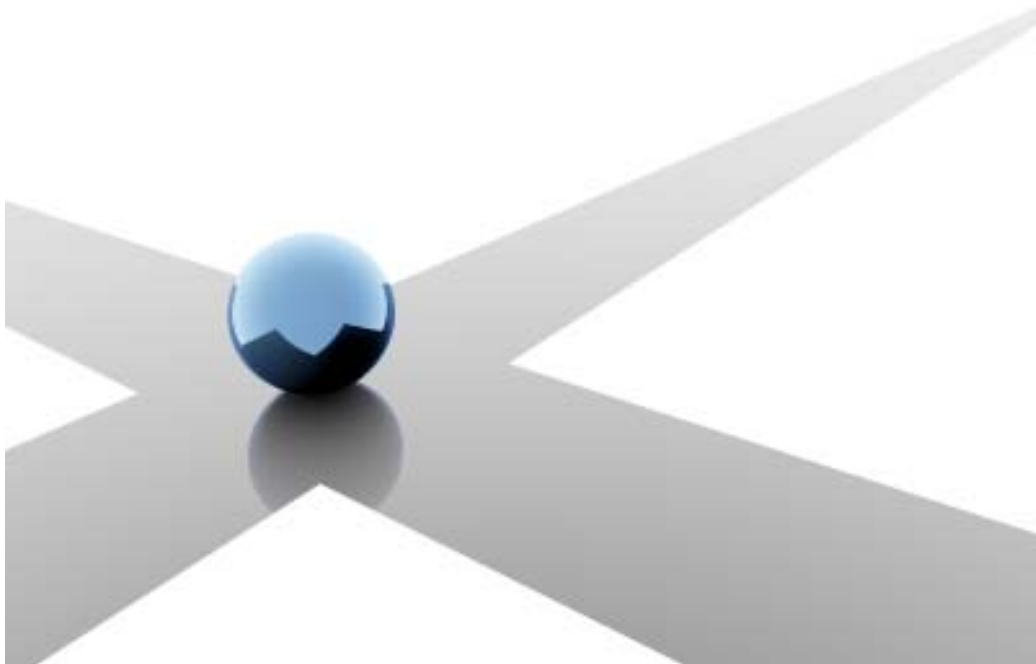


ARGE Consulting

Communication on Progress (COP) 2009 Report



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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 role model in the community to promote appropriate behaviour for responsible entrepreneurship, thereby helping improve the quality of life.

In 2009, we continued our voluntary activities, such as being active in the boards of Corporate volunteers Association (OSGD and the think tank (TESEV). We have also been active in developing, managing, and providing guidance for the award processes of OSGD and Citibank –Micro Credit. We have also continued our policy to regularly publish and distribute on a pro bono basis a new book to introduce new management ideas to the Turkish managers – this years' subject was on benchmarking. We also write and freely share and an article every week to introduce new management ideas and concepts to our society. Apart from all these regular activities, this year we have widely shared our new methodology to measure quality of governance and published a new book on corporate governance, 'Boardroom Secrets' by Palgrave Macmillan. In addition our Corporate Governance Model was published in Global Corporate Governance Forum's publication issue no.17 to be shared with a global audience.

Also in 2009, as the Chairman of the first Turkish signatory of the Global Compact, I was selected as the of National Representative of UN Global Compact. Since our aim is to increase the impact of voluntary activities in Turkiye, we have utilized this new position to increase the number of signatories and the effectiveness of the National GC Network.

We try to improve and share knowledge about good governance with the leaders in our society on a volunteer basis. With this report, we share our corporate social responsibility activities for the period of the year 2009.

Dr.Yılmaz Argüden
Chairman

February 2010

Corporate Social Responsibility Approach at ARGE Consulting

Corporate Social Responsibility has been at the core of ARGE's philosophy ever since its inception.

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, Türkiye 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, Türkiye 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, and 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 Turkiye, 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: is to create value by **improving management quality.**
& Vision: is 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.

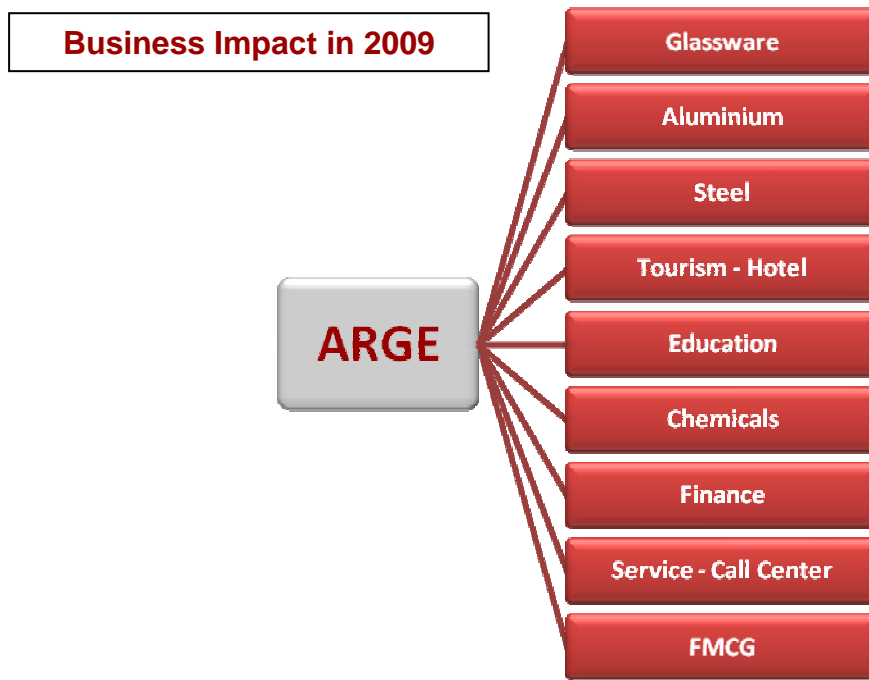
ARGE recognizes that its clients need creative solutions and thus strives to develop implementable solutions that differentiate its clients in the marketplace



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 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 the clients' directors and managers perspectives' about environmental and social issues. We draw attention to these issues especially in our interviews and meetings.

In 2009 period some of the key projects we were involved with are as follows:

Project No	Sector	Number of people in the Organization	Project Name
1	Manufacturing; glassware	1020	Developing Strategy
2	Manufacturing; chemicals	200	Institutionalisation
3	Manufacturing; Steel	1500	Institutionalisation
4	Service; education	350	Institutionalisation
5	Manufacturing, chemicals	700	Institutionalisation
6	Service; finance	250	Optimising transportation operations
7	FMCG	4000 (with its franchisees)	Institutionalisation
8	Service; hotel	850	Identifying development strategy&implementations
9	Manufacturing; Aluminium	350	Institutionalisation
10	CSO; Call Center Association	*Represents % 70 of Turkish Call Center Market	Startup service for institutionalisation

The second dimension is our volunteer activities. 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 an Environmental Impact Model, Micro Loans Entrepreneurs Award Model; write articles, books to contribute society, give lectures, attend panels. All of these activities effects hundred's of people's life positively.

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.

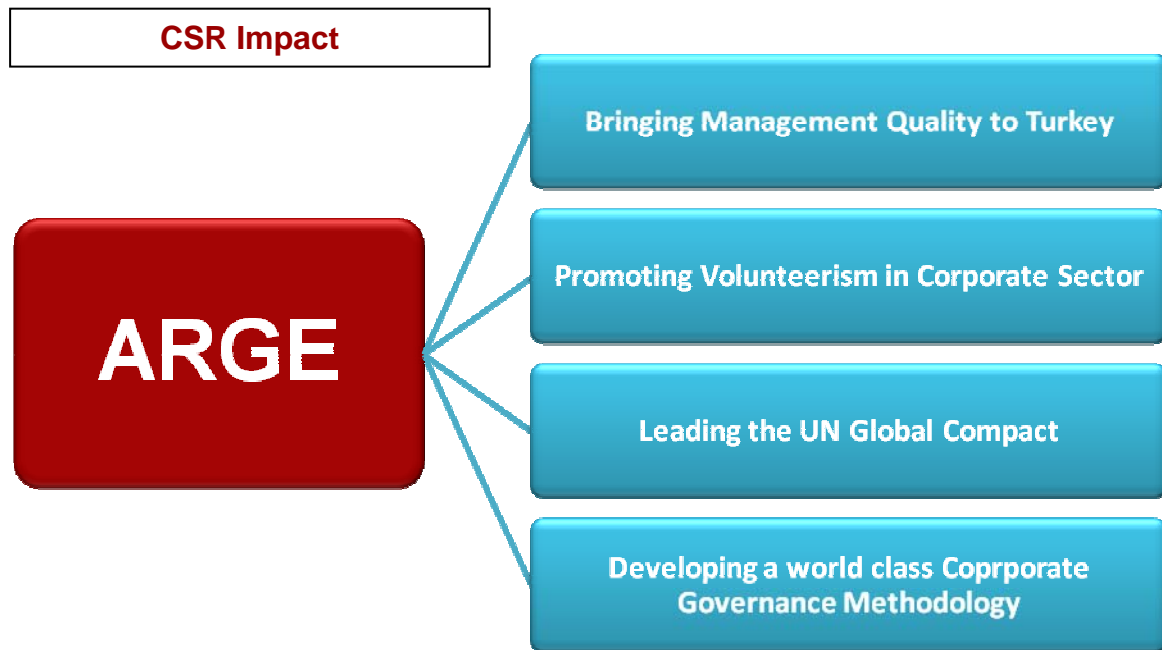
ARGE – Partner to the Global Compact and Caring For Climate Initiatives

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 Türkiye.

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 Türkiye. 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 strategy formulation, institution building, 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.



Six main areas which ARGE has impact on Community

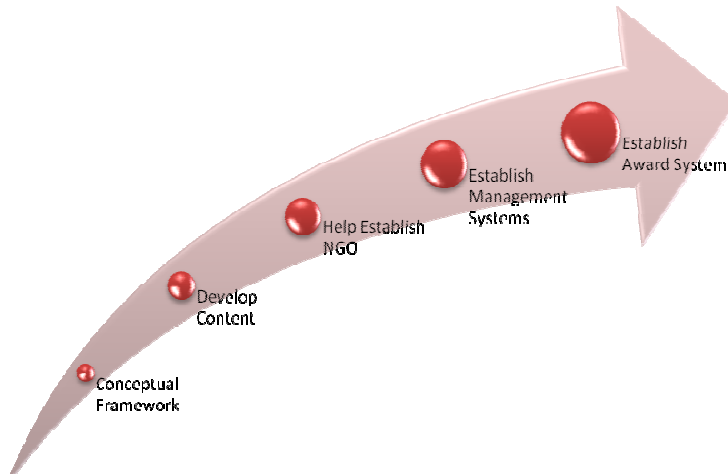
1. **Bringing Management Quality to Türkiye;** ARGE has been instrumental in initiating the National Quality Movement and preparing its clients' management systems that led Turkish companies to consistently be among the top two European Quality Award winners (EFQM)
2. **Promoting Volunteerism in Corporate 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 IrelandARGE has also been instrumental in encouraging major firms operating in Türkiye 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 distributed to and 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 the Federation of Sectorial Associations (SEDEFED) and the Competitiveness Forum (REF). The award was announced, and will be given in the annual Competitiveness Congresses which have been supported by ARGE partners since its initiation. This award will be highly instrumental in encouraging and increasing the competitiveness levels of Turkish Companies.
6. **Helping to the establishment of the National Quality Award for Syria:** We also collaborate on the international as well as regional schemes leveraging on our knowledge. Currently, we take active part in the development of the Syrian National Quality Award scheme which will be launched in Nov. 2010. The accumulated knowledge in the Quality awards as well as our knowhow in the development of private & public enterprises are utilised for this purpose.

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 who is widely supported and 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, Corporate 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
Signed the Global Compact, the first Turkish signatory.	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	<ul style="list-style-type: none"> ✓ Leader of GC Türkiye Network ✓ Steering Committee activities ✓ New innovative approaches for expanding network participation
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	<ul style="list-style-type: none"> ✓ Corporate Volunteer Awards –Third Award Ceremony ✓ Actively worked for CVA Performance indicators and reporting system designed
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	<ul style="list-style-type: none"> ✓ Lectures about CSR at numerous universities and occasions
Developed an NGO training program	ARGE ‘Developing Civil Society’ project presented as best practice to International Universities by the European	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	<ul style="list-style-type: none"> ✓ NGO management – Member of the board of management of CVA

2002	2003	2004	2005	2006	2007	2008	2009
Clearing House							
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
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 “Micro-loan performance evaluation model” – Third award ceremony
Corporate Social Responsibility” – an ARGE Publication	“Strategic View” and “Reputation Management” – ARGE			Speech about “Entrepreneurship and Innovative Employees” at İstanbul Chamber of Industry (ISO)		Designed “Environmental Impact Model”	✓ “Benchmarking” – an ARGE Publication
				Speech about “Preparing the Future of European Education” at WEF	Designed a model for corporate governance	Developed “Microloan performance evaluation model”	✓ Creating opportunity of individual development for employees
				“Management of Voluntary Associations” – an ARGE Publication	Publication of a book on governance titled “Boardroom Secrets”	Data Mining” – an ARGE Publication	✓ Participating as a jury member to case study competitions in universities
			Creating opportunity of individual development for employees		“ARGE Corporate Governance Model” – an ARGE Publication	Creating opportunity of individual development for employees	✓ A new book – “BOARDROOM SECRETS” published by Palgrave Macmillan
					Creating opportunity of individual development for employees		

Detailed CSR Activities

Leader of GC Türkiye Network

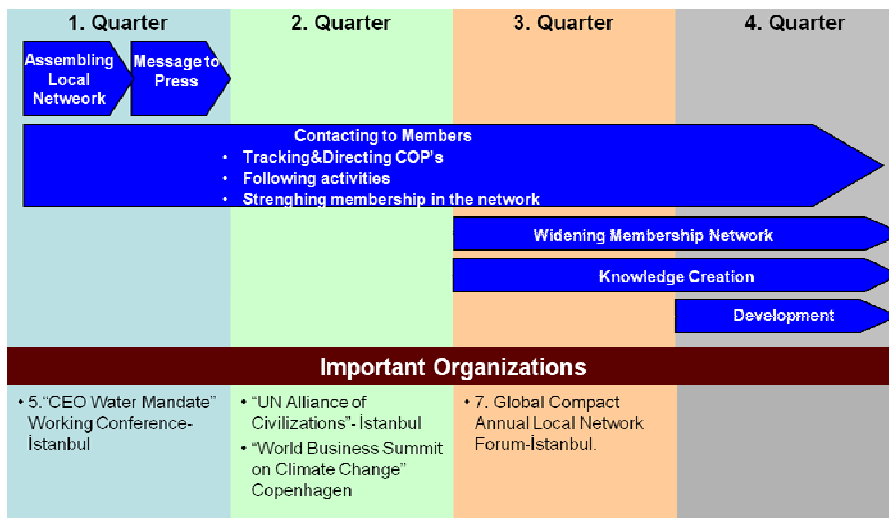
The Global Compact National Network is the platform for all signatories of the Global Compact in Türkiye which are committed to the principles and practices of the United Nations Global Compact. The Network defines its own agenda and activities according to the local conditions and priorities of Türkiye.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

The Steering Committee is a multi-stakeholder advisory body that meets minimum twice annually to provide ongoing strategic and policy advice for the implementation of the activities of the Global Compact National Network in Türkiye. The Steering Committee is an assembly of five constituency groups - business, civil society, labour, 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 Türkiye.

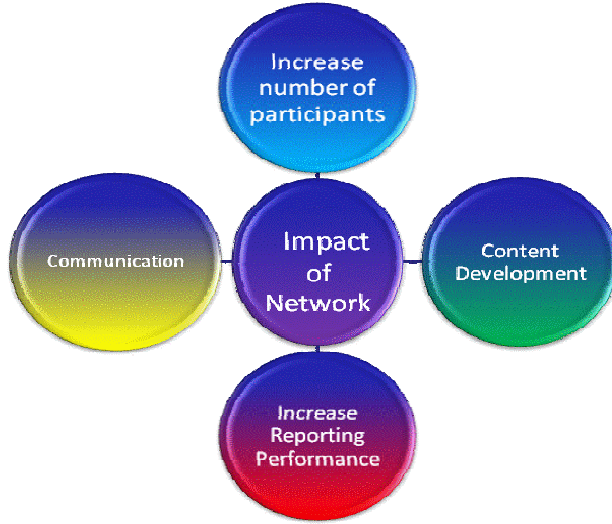
ARGE took an active role in steering committee and Dr. Argüden has been selected to lead the GC Türkiye Network.



Activity Agenda of 2009



Türkiye Steering Committee have four critical success factors



ACTIVITIES

- ✓ February 2009: Organizing Türkiye Network's meeting for 2009
- ✓ March 2009: Participation to "CEO Water Mandate" Working Conference-İstanbul
- ✓ April 2009: Participation to "UN Alliance of Civilizations"-İstanbul
- ✓ UN Alliance of Civilizations meeting has been hold in 6-7 April 2009 in Istanbul.
- ✓ The UN AoC is the most important international initiative aimed at advancing intercultural understanding. Dr. Yılmaz ARGÜDEN has participated to UN Alliance of Civilizations meeting as Local Network Representative.
- ✓ May 2009: Participation to "World Business Summit on Climate Change" Copenhagen. Dr.Yılmaz Argüden, participated to "World Business Summit on Climate Change" meeting in Copenhagen as Türkiye's Local Network Representative and met with UN Secretary-General Ban Ki Moon.
- ✓ June 2009- Dr. Yılmaz ARGÜDEN, lead the session of "Presentations on GC Issue Areas" in Global Compact Annual Local Network Forum-İstanbul.
- ✓ June 2009- Organizing Türkiye Network's meeting for future moves. For the first time in Global Compact, Türkiye Network created a new approach to sign the principles, "the industry initiative". Local Network planned to encourage notable firms to sign principles in the same industry as a group movement at the same time. This group movement could have a chance to create a big impact on the firms with in the same industry also find place in the press more than individual signatories. It is planned to start with pharmaceutical industry in Türkiye. The first meeting for this event was held in 18th February 2010. It is planned to make signatory ceremony in May 2010 with at least six big pharmaceutical companies in İstanbul.





18th February 2010- İstanbul

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 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, are also board members of Corporate Volunteer 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 2009 third time, award process implemented.

Also in 2009, ARGE worked on the processes of CVA and designed a new performance indicators and reporting system.

Award Categories

A. Best Practice in Voluntary Program

B. Best Practice in Voluntary Project

C. Best Practice in Creative Voluntary project

D. PERYÖN special award



AWARD Ceremony –
10th November 2009

Best Practice in Voluntary Program -

Bilim İlaç / Toplum Takımı

Best Practice in Voluntary Project -

Koç Holding/ Meslek Lisesi

Memleket Meselesi

Contributed a column at the business daily, “Dünya”

Dr. Argüden is a columnist in Dünya newspaper and voluntarily contributes articles every week for the first page column for improving management quality in Türkiye.

Main Subjects of Articles

- ✓ Business
- ✓ Individual Development
- ✓ Public
- ✓ Türkiye
- ✓ 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”

Business

11.02.2010	Agency risks at the companies
24.01.2010	Life Cycle Responsibility for products
27.11.2009	Understanding mutual dependencies
20.11.2009	Benefits of volunteerism to the firms
06.11.2009	Is R&D an input or output?
23.10.2009	Scenario Planning
09.10.2009	Benchmarking Improves Learning
25.09.2009	Calculating values of assets
18.09.2009	Benefits of Internet for Firms
11.09.2009	Developing Human Resources
21.08.2009	Learning Ability=Competitive Power
14.08.2009	Following your product.
24.07.2009	Data vs Knowledge
17.07.2009	Competition is beneficial
10.07.2009	Lack of Leadership
19.06.2009	Leaders' briefcase
29.05.2009	Building sector
22.05.2009	Unusual Competition
15.05.2009	Global lessons from global crisis
01.05.2009	Necessity for Innovation
24.04.2009	Creating leaders
17.04.2009	Handling uncertainty
03.04.2009	Continuous learning
27.03.2009	Time to think differently
20.03.2009	Risk&Crisis Management
13.03.2009	Building Standards

Individual Development

17.01.2010	If you don't learn, you'll fall behind
25.12.2009	Your choices are your destiny
18.12.2009	You are your habits
04.12.2009	Developing Career
07.08.2009	Renewing yourself
30.10.2009	Priority of Time

Public

08.01.2010	The Distance is not a measurement of length, but time
01.01.2010	The New Year
16.10.2009	A request
31.07.2009	Reducing carbon output
05.06.2009	Electricity improves quality of life
10.04.2009	Knowledge and love increase by sharing

Türkiye

04.02.2010	Leaders for Türkiye, Leadership for World
13.11.2009	State as a stakeholder
02.10.2009	Regulatory Impact Analysis
12.06.2009	National intellectual capital

Corporate Governance

04.09.2009	Avoiding pitfalls of groupthink
28.08.2009	Ability to learn from mistakes
03.07.2009	Lean Government
08.05.2009	Corporate stability
06.03.2009	Global solutions for global problems

Lectures

Dr. Yılmaz Argüden gave the following lectures in 2009:

- ✓ “Boardroom Secrets” , 17.2.2010, The Propeller Club of Istanbul
- ✓ “Directing Boards”, 5.2.2010, Koç University
- ✓ “Behaviours of Board Directors, Guidance and Evaluation”, 14.1.2010, TKYD
- ✓ “Effects of Globalisation on demographic, social and economic developments in national scale”, 11.11.2009, Association of Human Management of Turkey
- ✓ “Innovative and Creative Applications in Construction Industry”, 9.5.2009, IMSAD
- ✓ “Global Governance and Wind of Change in the World”, 21.4.2009, Dogus University

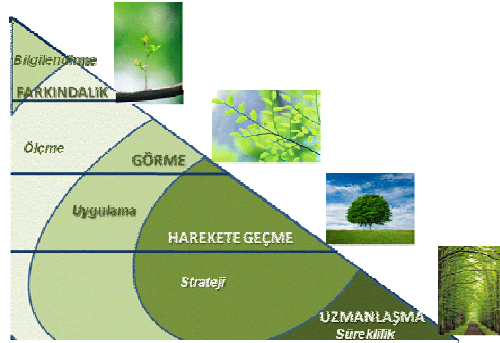
*“Our mission is to
create value”*



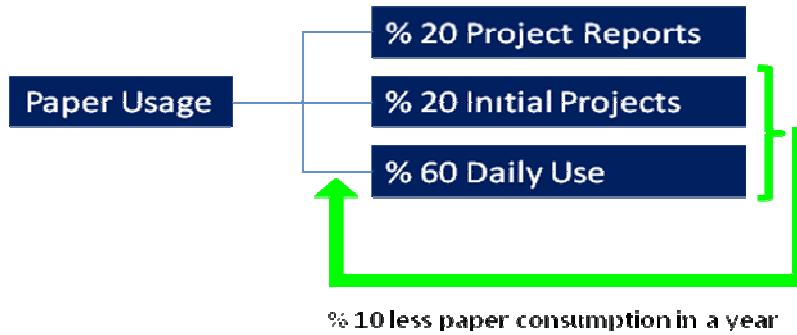
“ARGE aims to develop a practical model for our customers which will increase their awareness and help measure their performance in environmental impact of their activities”

Developing environmental impact model

ARGE has developed a new methodology for organizations impact on environment. In addition to the methodology we created a questioner for measuring the impact and comparing results with universal standards.



ARGE's office implementation - Reusing Paper Policy



Either working on a project or developing ideas we use drafts, draw schemas, take advantage of writing while focusing on a subject.

One side printed papers do not go to trash immediately in ARGE. Instead we use other side too, which were used before for our initial projects, daily notes, drafts etc.

By this our company save 2000-3000 A4 size paper in a year that makes nearly % 10 less paper consumption each year.

We also have been giving our project reports in both paper and CD formats, we are projecting to use only CD's for future project reports.

Developing Micro Loans Entrepreneurs 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 2009 more than 1160 contestants were evaluated by our evaluation model between ages 23-81 in five different categories; financial success, social impact, vision, individual contention and hopeful entrepreneurship. Our contribution to this process, mentioned in invitation letters of Award Ceremony:

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



In 2010, again for the third time Award will be given to low-income entrepreneurs on March 10th.

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



“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

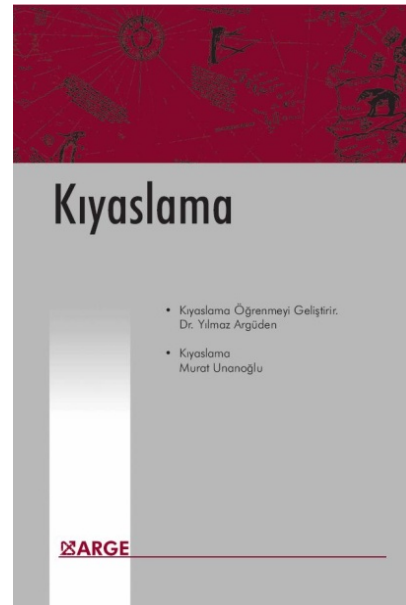
“Balanced Scorecard” 2000

Publications:

Benchmarking (2009)

Knowledge is power. We believe that societies who create and use knowledge develop faster. In the information age using knowledge becomes more important than having it. In this respects lots of tools are being developed for information management. We wanted to highlight and bring to the attention of business and community leaders the philosophy of “Learning from other benchmarks is an effective way to improve performance.”

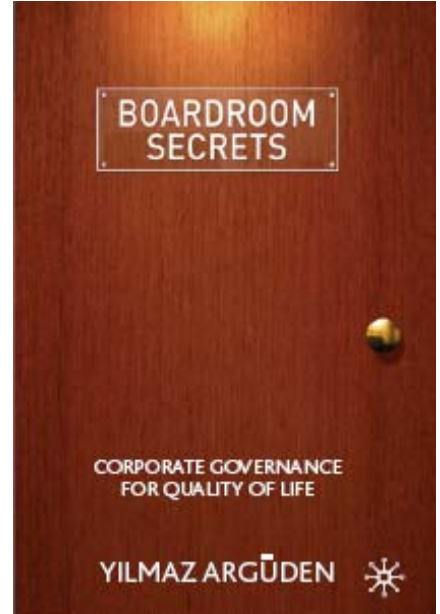
As an example of our commitment to improve management quality, ARGE published and freely shared a book titled “Benchmarking” both in hard copy as well as in Pdf format at its web site (2009).



Boardroom Secrets

“Boardroom Secrets: Corporate Governance for Quality of Life” published by Palgrave Macmillan in 2009 which reveals the secrets of governance. Dr.Argüden has distilled through his experience on more than 50 different boards in a number of different jurisdictions.

The Founder of the World Economic Forum Klaus Schwab claims that “the global financial and economic crisis is above all a corporate governance crisis.” According to the former Head of UNDP and the director of Global Economy and Development at the Brookings Institute Kemal Derviş, if we are to “build the world economy on more solid foundations” we need to improve our governance practices. This is the fundamental reason why Dr. Argüden aimed to write a book on corporate governance.



The boards have received the blame for recent notable corporate failures. This has caused numerous initiatives to establish strict guidelines and governance regulationst. While rules and regulations are important, it would be naive to assume that good governance can be achieved only through regulation. Governance is much more than compliance. Good corporate governance is a culture and a climate. The essence of good corporate governance is ensuring trustworthy relations between the corporation and its stakeholders. With a starting idea of “increasing quality of life and management in Türkiye and World” our company’s founder, Dr.Argüden has contributed to world’s intellectual accumulation of knowledge by this book.

Attendance to Case Study Contests in Universities as a Jury Member

Our business consultants are being invited to case study competitions from industrial engineering departments of several universities. As a part of ARGE philosophy we happily contribute to our society with our experience and intellectual knowledge.

Tournament in Management and Engineering Skills:

- Voluntarily juryman duty in February 2009 - Semi Final 2010 Local Group Ankara-Bilkent University
- Voluntarily juryman duty in March 2008 – Local Eliminations 2009 İstanbul-Yıldız Technical University



*“The more we find
chance to contribute
society, the more we get
further.”*

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

International Certification of Capabilities

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



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 its inception, most recently 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 Türkiye 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 the country. 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 though 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.

ARGE developed the methodology for trainings for volunteers for their support in their educational services

DEİK- Foreign Economic Relations Board

The foremost purpose of the Foreign Economic Relations Board of Turkey (DEİK) is to pave the way for the development of Turkey's economic, commercial, industrial and financial relations with foreign countries as well as international business communities.

Our company's chairman Mr. Arguden is also the chairman of Turkish Chapter of Turkish-Canada Business Council.

TÜSİAD- Turkish Industrialists'and Businessmen's Association

TÜSİAD is a voluntary based civil society organisation founded by Turkish industrialists and businessmen in 1971 with the objective of representing the business world. TÜSİAD aims to contribute to the formation and development of a social order wherein the institutions and rules of the universal principles of human rights, freedom of thought, belief and enterprise, a secular state of law, understanding of participatory democracy, liberal economy, competitive market economy as well as a sustainable environmental balance are adopted.

Our company's chairman Mr. Arguden is a member of TÜSİAD.



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>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 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>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 see the business as a team play and care about our members well beings, we respect their personal life & space needs and always approach to our members with a constructive perspective.</p>

Principle 4:

Business should support the elimination of all forms of forced and compulsory labor

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.

We try to develop awareness among the business society and also the students in respect of these principles with our actions such as: publications, workshops, contributions to CSR projects.

Principle 5:

Business should support the effective abolition of child labor

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.

Maintaining a good reputation in line with these principles is a fundamental element in our operations.

Principle 6:

Business should support the elimination of discrimination in respect of employment and occupation

ARGE provides equal opportunities at work and takes every precaution against discrimination in terms of race, gender, age, nationality and marital status.

These principles are integral parts of **ARGE** values.

Principle 7:	ARGE prevents, minimizes and mitigates the negative impact on the environment.	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.
Business should support a precautionary approach to environmental challenges		
Principle 8:	ARGE promotes the awareness – raising campaign on environment responsibility in its network and supports all staff to contribute	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. We have been among the first set of signatories to the statement for “Caring for Climate: The Business Leadership Platform” in 2007.
Business should undertake initiatives to promote greater environment responsibility		
Principle 9:	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.	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.
Business should encourage the development and diffusion of environmentally friendly Technologies		

<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>
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Performance Indicators

			MAIN ISSUE	2009 Targets & Plans	Results of 2009	2010 Targets & Plans	
LABOUR STANDARDS			Number of Woman Employees/Number of Total employees	40%	40%	40%	
			Individual development. Training days (day/man)	20	20	20	
			Absence of working days (day/man)	This is the first year for measuring.	2,5	2	
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 2010			
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.			
ENVIRONMENT	MAIN RISKS	RISKS					
	SOURCE USAGE	Water Usage	Level of water consumption (m3)	65	63	60	
			Level of water consumption per person (m3/person)	4,3	4,2	4	
		Electricity Usage	Level of electricity consumption (kwh)	14.400	13.800	13.400	
			Level of electricity consumption per person (kwh/person)	960	920	893	
		Natural Gas Usage	Level of energy consumption (natural gas, m3) (heating purpose)	Our heating system has changed from fuel oil to natural gas in november 2008. 2009 will be the base year to measure the consumption level and using 2009 as the base year, we will aim to reduce energy use across the company by 5% by	2.071	1.967	
			Level of energy consumption (natral gas, m3) (production purpose)		-	-	
			Level of energy consumption per person (natural gas, m3/person) (heating purpose)		138	131	
		Paper Usage	Level of paper consumption (kg)	140	136	130	
			Level of paper consumption per person (kg/person)	Using 2008 results as a base year we aim to reduce our paper consumption by % 5 (9,5 kg/person)	9,1	8,7	
VOLUNTEER ACTIVITIES			Publishes	We will publish a new booklet to contribute our society and send out more than 3000 readers in 2009.	We have published "Benchmarking" booklet	We will publish a new booklet about "KPI"	
			Articles		We have published 47 articles	We will continue to publish articles	
			Lectures	We will give at least 15 lectures in 2009.	6	8	
			Volunteer activities (hours/man)	We will continue our attribute with the same passion in 2009.	320	320	

Meaning of Colours in Results Area:

	Results are satisfied or better than 2008 targets
	There is capable area of improvements for 2009
	2009 is the base year to measure

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

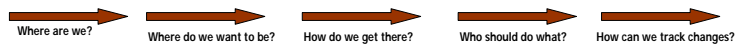
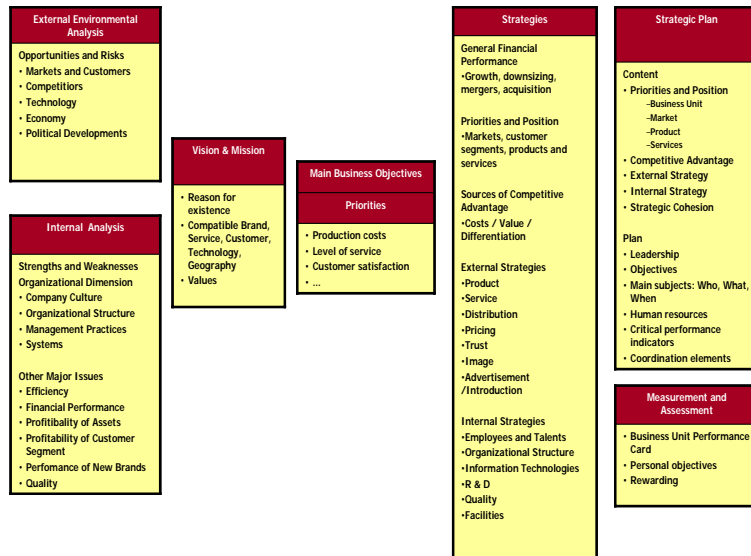
For organizations, it is critical to define and implement proper strategies to make sure that they focus their energies on “Doing the Right Business”.

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

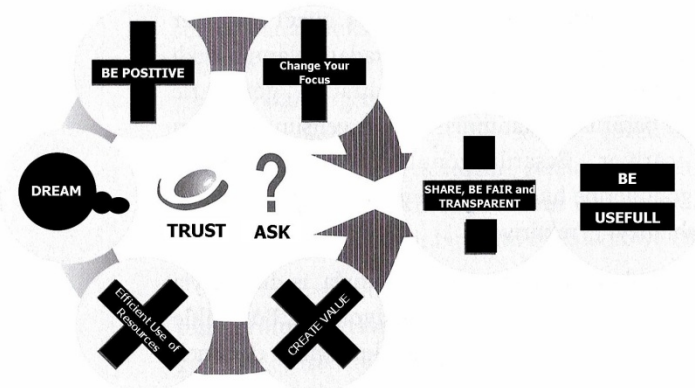


content for the desired future. Real results are achieved not by solving problems, but by catching the opportunities. “Luck favors the prepared mind.” This is the essence of shaping the future. Shaping the future is preparing the mind, the behaviour, and the attitude for the future.

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.