

## ***ABOUT THE CORPORATE GOVERNANCE ASSOCIATION OF TURKEY***

Found in 2003, Corporate Governance Association of Turkey (TKYD) is a non-profit organization aiming to develop and promote adherence to corporate governance standards and guidelines in Turkey. Over 700 board members and senior executives meet at TKYD to shape the future implementation of corporate governance practices in Turkey and in the region task of informing the public to keep abreast of these changes.

Starting from publicly-held to family owned companies, from the state-owned enterprises to civil society organizations, from the sport clubs to economical journalism, conformance with the corporate governance principles is becoming more important as the basic tool for and the basic principle of a fair, transparent, accountable and responsible environment for today's global business world.

TKYD is developing and executing regional projects with international organizations like World Bank, International Finance Corporation (IFC), Organization for Economic Cooperation and Development (OECD) and Center for International Private Enterprise (CIPE).

*For further information:*

<http://www.tkyd.org/en/default.asp>

## Statement of Support

We, as a non-profit organization which aiming to promote adherence to corporate governance standards and guidelines, are proud to commit and always willing to advance the ten principles of UN Global Compact to our members and our stakeholders as those principles are explicitly in line with the principles in Corporate Governance.

This Communication of Progress report covers our activities during the period from December 2012 to December 2013 that further articulating our continuous support to UN Global Compact principles.

While setting the goals for the coming terms, we are maintaining current achievements, improving strategies and expanding our impact to the business societies to meet the standards of Good Corporate Governance as well as the principles of UN Global Compact.

**Güray Karacar**

Coordinator

Corporate Governance Association of Turkey (TKYD)

## Introduction

This Communication on Progress (COP) Report is the third report since The Corporate Governance Association of Turkey (TKYD) has been becoming a signatory party of The United Nations Global Compact (UNGC) in June 2006.

The Corporate Governance principles of fairness, transparency, accountability and responsibility are mirroring the Ten Principles of UNGC in the areas of human rights, labor, environment and anti-corruption. Therefore, as we continue to promote the implementation of Corporate Governance principles in Turkey and the region, not only we have always been observing the Ten Principles of UNGC in our activities but also encouraging our members and stakeholders to integrate these principles into their business activities.

This third report covering the year of 2013, provides a grand picture of our efforts and accomplishments from time to time to meet the principles of UNGC. On the following pages, we re-articulate our long-held commitments, elaborate our activities held in and maintained until 2013, and state our goals to continue complying with UNGC principles by doing our work in the field of Corporate Governance.

In 2013, TKYD continually organized international summit, seminars, trainings, working group meetings attended by a significant number of Turkish and international audiences, as well as published guidelines for the practical implementation of Corporate Governance principles. TKYD also partner with universities in arranging panels to allow the participants from academic environment contribute their influence in the Corporate Governance field.

While setting the goals for the coming terms, TKYD is maintaining the current achievements, improving the strategies and expanding its impacts to the business societies to meet the standards of Corporate Governance principles which also means at the same time to comply with the UNGC principles.

## HUMAN RIGHTS PRINCIPLES

*Principle 1: Business should support and respect the protection of internationally proclaimed human rights*

*Principle 2: Business should make that they are not complicit in human rights abuses*

### **Our commitment**

We explicitly support and respect the implementation of human rights principles in our activities as well as in our members and stakeholders' activities.

We have established our Code of Conduct which covers the human rights principles in our own workplace and encouraged our members and stakeholders to adopt the same attitudes while promoting the Corporate Governance principles. The Corporate Governance principles require the firms to always refer their guiding framework in their activities. By doing this, the firms may avoid any possible violations to human rights principles.

### **Current Status of Implementation**

TKYD is committed to a violence-free workplace within the legal age-limit for its employees. Acts or threats of physical violence, including intimidation, harassment, and/or coercion, that involve or affect the company or that occur in the workplace will not be tolerated.

TKYD cares about the well-being of its employees. For the health and safety of all employees, the annual workplace inspections are performed to ensure that the rooms and office equipments meet the highest ergonomic standards. Should any employee ever have a concern or special needs, TKYD promises to take action to meet their requirements.

TKYD guarantees its members and stakeholders uphold the same standards as TKYD's stance on human rights issues when it comes to staff, work environment, work ethics and quality of life through benefits and other employee programs through the continuing educations to its members by encouraging them to attend TKYD's working group meetings and integrating deals ideals under the umbrella of different seminar, panel and/or training titles. This includes a yearly International Corporate Governance Summit which has been organized since 2008 as the first international platform in Turkey on Corporate Governance. The VI<sup>th</sup> Summit was held on January 2013 in Istanbul attracting nearly 700 participants from Turkish and international audience with great interests. Also there are some Corporate Governance Seminars and workshops which have been held since 2006 continuing until 2013 which aims to promote and support good governance among Turkish family businesses, reaching 1,640 main shareholders and senior executives in 28 cities of Turkey. Furthermore, TKYD regularly provides training programs to its members and stakeholders, including in the

year 2013. The participants vary from the bottom to the top levels which is a positive approach in increasing TKYD's influence within the Turkish companies. The trainings cover a number of important issues including the applicable laws and code of conducts in doing business mainly based on Corporate Governance principles.

During 2013, TKYD have published Governance Guidelines for Non-Governmental Organizations, for Family-Owned Companies and the IFC Family Business Governance Handbook for our members and stakeholders as comprehensive references.

## **Goals**

Our goal is to continue preserve our stance against human rights abuses and continue to raise awareness on this principle to our members and our stakeholders as well as to the general business society in Turkey and the region.

Our employees are asked to give feedback, raise complaints and issues and share ideas for improvement. We actively support a culture of trust and organizational learning.

## **LABOUR PRINCIPLES**

*Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining*

*Principle 4: Business should uphold the elimination of all forms of forced and compulsory labour*

*Principle 5: Business should uphold the effective abolition of child labour*

*Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation*

## **Our commitment**

We openly support the protection of labour rights.

We are committed to ensure that we as a representer of civil society, support all of our employees as respected individuals, and uphold their rights in every way.

We are committed to provide our employees with an open, friendly, and non-discriminatory working environment. We are against all elements of oppression and all kinds of compelling factors for our staff.

We support and develop the potential of our employees through trainings and motivational meetings.

We also support an active discussion on corporate governance principles which is related to labour right issues. Good governance systems aspire to integrate different

levels of minority shareholder protections, stakeholder rights, and labor representation on the board. TKYD provides a place for these discussions to occur, while always promoting the underlying values of the organization and the UNGC.

### **Current Status of Implementation**

TKYD prevents all kinds of discrimination in the process of recruitment and work. We provide equal opportunities without regard to race, skin color, gender, age, disability, nation of origin and marital status.

TKYD cares about the well-being of its employees. Our common understanding of quality and performance for our members and the way we all work together is reflected in an atmosphere of equality, respect and openness. The organization continuously do efforts to create a better work-life balance for our employees – men and women alike. Staff is able to work from home when needed, and they can manage his working time on project basis. We also provide the support for all of our employees’ personal development.

TKYD absolutely does not support the employment of child labor. All staff is provided with employment contracts following the government legislations regarding minimum age requirement for work.

TKYD activities are coherent with UNGC principles on labor in the same way they are with human rights – they are integrated into the founding principles of corporate governance that TKYD supports.

To expand our impact, TKYD reached out to three provinces in 2013 which are Izmir, Kayseri and Bursa to organize seminars and panels, supported by Ministry of Development, Development Agencies, Istanbul Stock Exchange, Turkish Enterprise and Business Confederation, IFC and IS Investment. By sharing good governance practices and examples, we aspire to influence these companies to establish better governance structures committing to better their labour practices.

TKYD also shares the spirit of Good Corporate Governance to academic environment and young generations by collaborating with universities. During the year of 2013, TKYD arranged panels in several reputable universities in Istanbul such as, among others, Bilgi University and Yildiz Technical University with part of audiences are universities’ students. In March 2013, for example, TKYD arranged a “Corporate Governance’s days” event with Junior Entrepreneurs Club in Bilgi University.

TKYD’s training programs are designed based on high demand from our corporate and/or individual members. The training allows Turkish professionals to get easy access to the most up-to-date information available in Turkey and globally in order to improve their skills and knowledge which are useful for their careers paths. In 2013, TKYD organized some training topics for instance ‘In the light of Turkish Commercial

Code: Risk Management’, ‘In the light of Principles of Corporate Governance: Strategic Planning’, ‘Managing Governance Challenges, Strategic Management and Planning’.

Furthermore, following the Corporate Governance Seminars and Workshops, TKYD has also published guidance books based on its experience gained during the previous seminars for easy references which can be accessed by all employees of TKYD’s members and stakeholders.

In relevance to Labour principles, TKYD has arranged “Turkish Commercial Code Working Groups” to ensure the correct application of Turkish Commercial Code in terms of principles of Corporate Governance in regarding the protection of minority shareholders and stakeholders, auditing bodies, and labor representation on the board. The effective checking and balancing the powers within the companies at the end will benefit the companies’ workers as well. We also have “NGOs Working Groups” aiming to create good examples for implementation of corporate governance principles in NGOs, in which the labour issues are almost always part of the topic discussed.

### **Goals**

It is our ambition to further live up to internationally accepted labor standards and build the diversity of our employees. We would like to maintain or even increase the number of participants in our organizations coming from a variety of backgrounds.

## **ENVIRONMENT PRINCIPLES**

*Principle 7: Business should support a precautionary approach to environmental challenges*

*Principle 8: Business should undertake initiatives to promote greater environmental responsibility*

*Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies*

### **Our commitment**

We are committed to protecting the environment and promoting greater environmental awareness. We are conscious of our responsibility for the conservation of resources and continuously look for ways to use resources more efficiently to reduce the environmental burden of waste generation and emissions into the air, water and land.

We are committed to share these values to our members and stakeholders through our activities like we do in the other areas of principles.

### **Current Status of Implementation**

TKYD is fully aware of the awaiting dangers for the environment and mitigates the negative impact on the environment. TKYD itself seeks to minimize its energy consumption, uses recycled paper and other products when possible, ink and toner, and recompense for the public transportation expenses for its staff.

Through its conferences, publications, and training and working group programs TKYD has promoted the sustainable business practices as it is the ultimate goal of the implementation of Corporate Governance principles. As Turkey's regulations continue to improve in terms of business practice and environmental protections, TKYD is positioned to provide expert advice and training to businesses in need of harmonizing their operations. TKYD promotes corporate governance and reporting standards that are more explicitly encompass the environment by embedding the concepts of Corporate Social Responsibility and the Triple Bottom Line.

TKYD supports international organizations' activities which are organized in Turkey and related to enables greater organizational transparency and accountability like "Global Reporting Initiative (GRI)" and "Sustainability Platform" under the leadership of The Stock Exchange of Istanbul.

### **Goals**

We will continuously promote the energy efficiency, waste avoidance and recycling within our working place and share this good practices to our members and stakeholders as a part of Corporate Governance implementation.

We will support the implementation and the wide application of new technologies that are environmentally friendly.

### **ANTI-CORRUPTION PRINCIPLES**

*Principle 10:*

*Businesses should work against corruption in all its forms, including extortion and bribery.*

#### **Our commitment**

We are committed to work with a clear conscience and speaking out against any and every form of unethical behavior including the corruption, extortion and bribery practices.

We are committed to share our anti-corruption values to our members and stakeholders while promoting the transparency principle as one of the key principles in the implementation of Corporate Governance.

#### **Current Status of Implementation**

TKYD shares all relevant records related to financial and fiscal transactions in accordance with the relevant laws with a transparent and accountable financial management approach. The subscriptions are accepted through previously-determined procedures. At the end of every financial year TKYD shares its internal audit report, independent audit report, supervisory boards report and financial statements on the website. In addition, the annual reports are published every year and sent to our members.

Corporate Governance principles remark a clear understanding of ethical behavior against the corruptions particularly through the transparency principle. As TKYD promotes corporate governance through its training programs, seminars, and working groups, it also provides executives and directors the necessary tools to run their firms in a transparent manner, in harmony with international accounting standards.

TKYD supports international organizations' activities which are organized in Turkey and related to enables greater organizational transparency and accountability like GRI (Global Reporting Initiative) and International Integrated Reporting Council (IIRC). For example, in January 2013, TKYD held a special panel to discuss Integrating Reporting which was attended by representatives from many large corporations.

TKYD is also actively engaged with other non-governmental organizations in the fight against corruption. TKYD supported the establishment of ILI (International Law Institute, headquartered in Washington DC)'s Istanbul Office as one of its regional centre. Similar to the spirit of TKYD, ILI provides technical expertise to developing nations to further promote good and efficient governance through the rule of law.

TKYD's Training Programs are designed based on new Capital Markets Board Communiqués and Laws, new developments in the Corporate Governance and reporting mechanisms in Turkey many of which aim to eliminate the culture of corruption within the companies. Some topics of the trainings which closely related to Anti-Corruption issues are: Strategic Governance and Planning, General Assembly Processes, Board Membership Training, The Turkish Commercial Law, Responsibilities of Publicly-Held Companies, etc.

## **Goals**

We will organize more events that aim to raise awareness on the importance of doing business with integrity in Turkey and also in regional countries.

We will continue to provide all kinds of support to companies or NGOs at the national and international level for organizing seminars, conferences and training programs.