ARGE CONSULTING
COMMUNICATION ON PROGRESS REPORT
2010 PERIOD

"Helping you succeed.. ."

ARGE

Contents

Chairman's Message **3**
Corporate Social Responsibility Approach at ARGE Consulting **4**
ARGE CSR Yearbook **14**
Detailied CSR Activities **16**
Leader of GC Türkiye Network **16**
CVA **31**
Contributed articles for the key business daily, "Dünya" **33**
Lectures **34**
Developing environmental impact model **35**
Developing micro loan entrepreneur award model **36**
Publications: **37**
Boardroom Secrets **38**
International Certification of Capabilities **39**
Partnership with NGO's **40**
UN Global Compact Principles ***42***
Performance Indicators **46**
ARGE's Service Areas **47**

Chairman's Message

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

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

In 2010, we continued our voluntary activities, like being active in board of OSGD, TESEV, managing and guidance of award process of OSGD and Citibank –Micro Credit., wrote articles to introduce new management ideas and concepts to our society publishing and articles weekly. Apart from all our continuous activities we also improved a new methodology and published a new book about Corporate Governance. Our Corporate Governance Model has published in Global Corporate Governance Forum's publication issue no.17. In addition to those, we have contributed to world's intellectual accumulation of knowledge by the book "Boardroom Secrets".

Also in 2010, we assumed the role of National Representative of UN Global Compact. Since our aim is to increase the impact of voluntary activities, and feeling great responsibility by being a representative, we have been trying to increase the number of signatories and the effectiveness of the Network. Sectoral Approach, which was designed and implemented first by Turkish Network, defined as an important milestone in Global Compact Activities.

W*e try to improve and share knowledge about good governance with society by our volunteer activities. With this report, we share our corporate social responsibility activities for the period of the year 2010.*

Dr.Yılmaz Argüden

Chairman

March 2011

Corporate Social Responsibility Approach at ARGE Consulting

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

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

About ARGE Consulting

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

ARGE is committed

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

ARGE's Mission 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.

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.

Business Impact in 2010

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

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

In 2010 we made projects as follows:

Project No	Sector	Number of people in the Organization	Project Name
1	Manufacturing; glassware	17,000	Developing Human Resources Systems
2	Manufacturing; chemicals	200	Institutional development
3	Manufacturing; Steel	1500	Institutional development
4	Manufacturing; Steel	1500	Corporate Governance
5	Manufacturing, chemicals	700	Institutional development
6	FMCG	4000 (with its franchisees)	Institutional development
7	Service; hotel	850	Identifying development strategy&implementations
8	Manufacturing; products - services in heating-, cooling		Institutional development

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 environmental impact model, micro loan entrepreneur award models; write articles, books to contribute society, give lectures, attent 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 Turkey.

For this purpose, we have some keys for success;

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

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

Six main areas which ARGE has impact on Community

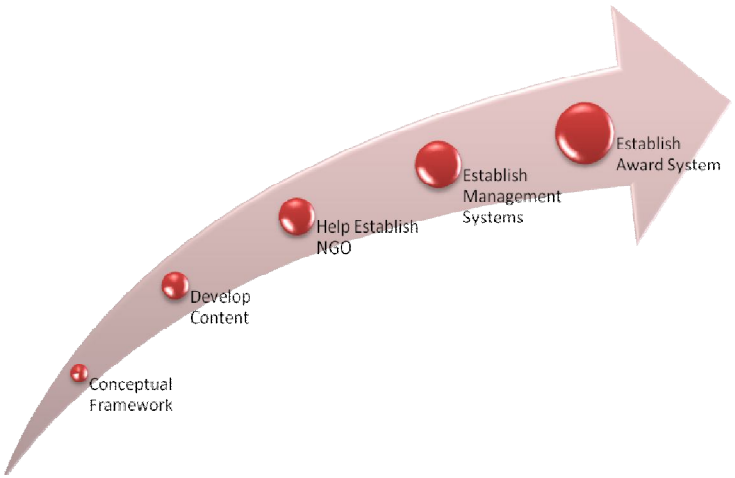
1. **Bringing Management Quality to Turkey**; ARGE has been instrumental in initiating the National Quality Movement and preparing its clients' management systems that led Turkish companies to consistently be among the top two European Quality Award winners (EFQM)
2. **Promoting Volunteerism in Corporate Sector**: It is our policy to encourage our employees to spend one day a week on a pro –bono basis for improving the effectiveness of non – profit organizations. ARGE has been recognized for the impact on the society of its CSR activities:
    a. At the European Parliament by Generation Europe to be among the top three firms to "Shaping the Future"
    b. By the European Commission to be the only Turkish company featured in "Responsible Entrepreneurship" publication
    c. As a CSR case study by the Bosphorus University and
    d. Taken as a "Best Practice CSR' by CSR4U of Ireland

    ARGE has also been instrumental in encouraging major firms operating in Turkey to improve their own volunteer efforts by helping establish the Corporate Volunteers Association and developing and running a Volunteer Awards Scheme under the aegis of CVA
3. **Leading the UN Global Compact:** ARGE has been the first Turkish company to sign the UN Global Compact, and last year our Chairman has assumed the role of National Representative of UN Global Compact. We are currently developing an innovative sectorial approach to increase the number of signatories of the UNGC Local Network. This methodology will be presented at the GC Leaders Summit in New York.
4. **Developing a world class Corporate Governance methodology**: ARGE values the sustainability of institutions highly and helps them with their governance implementations. Over the last year we have developed a methodology to measure effectiveness of corporate governance and published three books on governance one of which is in English namely, "Boardroom Secrets" that has been widely acknowledged by Davos participants. Also, our Chairman was selected by the Global Corporate Governance Forum to its Private Sector Advisory Group.

5. **Developing the Competitiveness Award** for increasing the competitiveness level of Turkish Corporations: ARGE consultants took active part in the development, preparation and launch of the Competitiveness Award in Turkey, run by SEDEFED and REF. The award was announced, and will be given in the yearly competitiveness congresses which were supported by ARGE partners since its initiation. This award will be highly instrumental in encouraging and increasing the competitiveness levels of Turkish Companies.
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 whose sole goal is to promote the issue at hand and gather support to the idea rather than promoting our own efforts or interests. Issue comes before interests of any player.
4. We also focus on the proper governance of the NGO to sustain intellectual and financial support to the issue by a broad group of institutions. Generally, one ARGE consultant serves on the board of the relevant NGO to ensure appropriate guidance and oversight.

5. In order to promote the right kind of behaviour around the issue, we establish a credible award scheme that is judged independently but according to a specific criteria (generally developed by ARGE). Providing feedback to both the winners and losers is a key element of improving future performance. Also a condition for winning the award is to behave as a role model for the issue and allocate resources to promote the issue for at least a year.
6. We measure progress and improve the methodology and our reach through successful implementers to continue to promote the right kind of behaviours and achieves significant development throughout the community

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

ARGE CSR Yearbook

2002	2003	2004	2005	2006	2007	2008	2009	2010
Signed the Global Compactthe first signatory from Turkey	NGO management – Member of the boardof 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	Chariman of ARGE has been selected as one of the "100 Global Leaders of Tomorrow" by the World Economic Forum for his commitment to improve the management quality throughout the community	Signed the statement for "Caring for Climate"	Leader of GC Türkiye Network	✓ Leader of GC Türkiye Network ✓ Steering Committee activites ✓ New approaches for expanding network participation	✓ Leader of GC Türkiye Network ✓ Steering Committee activites ✓ Sectoral Approach (Automobile, Pharma)
Initiated the National Quality Movement at Kalder (Turkish Quality Association) in 1998. Active promoter since its inception	ARGE 'Developing Civil Society' project – case Study at Bogazici University	Actively worked for CVA and BUMED	BUMED won the National Quality Award	NGO management – Member of the board of management of TESEV	Corporate Volunteer Awards – initiated and contributed to the development of the awarding procedure – rewarding best CSR activities Actively worked for CVA	Corporate Volunteer Awards –initiated and contributed to the development of the awarding procedure – rewarding best CSR activities Actively worked for CVA	✓ Corporate Volunteer Awards –Third Award Ceremony ✓ Actively worked for CVA Performance indicators and reporting system designed	✓ Corporate Volunteer Awards –Fourth Award Ceremony
Established the Corporate Volunteers Association (CVA)	Role in the establishment of the Civil Society Management Certificate Program at Bosphorus Universtiy	"Change Management" – an ARGE Publication	Actively worked for CVA and BUMED	Responsibility of the session – Participatory Democracy Mechanisms: NGO's and CSR' at the 15th National Quality Congress	Active role in the development of 'ENGAGE Istanbul' network – a collaboration platform between CVA(Turkey) and Engage (UK)	ARGE and Microsoft on the Road	✓ Given lectures about CSR at numerous universities and occasions	✓ Given lectures about CSR at numerous universities and occasions
Developed an NGO training program	ARGE 'Developing Civil Society' project presented as best practice to İnternational Universities by the European Clearing House	BUMED won the National Quality Award	"Intellectual Management" – an ARGE Publication	CSR activity – project manager in TESEV Good Governance project	Given lectures about CSR at numerous universities and occasions	Given lectures about CSR at numerous universities and occasions	✓ NGO management – Member of the board of management of CVA	✓ NGO management – Member of the board of management of CVA
NGO management – Member of the	Supported BUMED – Bosphorus	Actively worked for CVA and BUMED	Creating opportunity of individual	CSR activity – trained a group of elemantary	NGO management – Member of the board of	NGO management – Member of the board of management of	✓ Weekly first page column on strategic insight at the	✓ Weekly first page column on strategic

2002	2003	2004	2005	2006	2007	2008	2009	2010
board of management of Kalder (Turkish Quality Association)	University Alumni Association for its application to the National Quality Award		development for employees	students for the debating contest	management of CVA	CVA	Turkish business daily, Dünya	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 "Microloan performance evaluation model" – Third award ceremony	✓ Developed "Microloan performance evaluation model" – Third award ceremony
Corporate Social Responsibility" – an ARGE Publication	"Strategic View" and "Reputation Management" – ARGE			Speech about "Enterpreneurship and Innovative Employees" at İstanbul Chamber of Industry (ISO)		Designed " Environmental Impact Model"	✓ "Benchmarking" – an ARGE Publication	✓ Worked on book named "KPI" 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	✓ Creating opportunity of individual development for employees
				"Management of Voluntary Assocations" – an ARGE Publication	Publication of a book on governance titled "Boardroom Secrets"	Data Mining" – an ARGE Publication	✓ Participating as a jury member to 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	
					Creating opportunity of individual development for employees			

Detailied CSR Activities

Leader of GC Türkiye Network

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

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

TURKISH GLOBAL COMPACT NETWORK INTRODUCES AN INNOVATIVE SECTORAL APPROACH

Dr. Arguden, the National Representative of UN Global Compact in Turkiye, said that "This innovative sectoral approach will promote further deployment of the GC principles throughout different industries by establishing an environment of collaboration among companies facing similar issues,
by highlighting role models and enticing followers,
by enabling better benchmarking and improving learning from peers."

Launched in 2000, the UN Global Compact brings business together with UN agencies, labor, civil society and governments to advance ten universal principles in the areas of human rights, labor, environment, and anti-corruption, "unleashing entrepreneurship" and contributing to national and global efforts to achieve the Millennium Development Goals. This shared understanding achieved the realization of the world's largest voluntary corporate citizenship initiative with more than 8,000 companies from 100+ countries, as well as 500 civil society and international labour organizations, engaged in the initiative.

The Turkish Global Compact Network is among the top ten networks globally, with 12 of the top 20 Turkish business groups such as Koc Holding, Sabanci Holding, Dogus Holding, Zorlu Holding. Key business organizations such as the Chambers of Commerce (TOBB), the Turkish Industrialists' Association (TUSIAD), and Turkish Confederation of Employers' Associations (TISK) are also among the signatories.

The Steering Committee is an assembly of four constituency groups - business, civil society, labour and the United Nations, engaged in the Global Compact and who are committed to advance the implementation of the Global Compact National Network in the country. The members of the Steering Committee are ARGE Consulting, Aksa Akrilik, Koc Holding, Sabanci Holding, TISK, TUSIAD, and Zed Tanitim. The Global Compact National Network is led by Dr. Yilmaz Arguden, the Chairman of ARGE Consulting, the first Turkish signatory of the Global Compact.

GCLN Turkiye has recently embarked on a ***new Sector***

Specific Approach[1], developed by ARGE Consulting, to utilize the market segmentation idea for deployment of the Global Compact. Companies in a specific sector tend to face *common* issues *distinct* from other sectors. Also, it is easier to *reach* companies of a particular sector through their industry associations. Finally, collective action enables a comradeship approach within the industry and convincing leading players of the sector increases the attractiveness to join the GC to avoid being left behind.

The purpose of this Sector Specific Approach is to:

- ✓ Make sure that the awareness for ten GC principles is increased throughout the sector,
- ✓ Identify issues specific to the sector in implementing the ten GC principles and to ask sector representatives to propose solutions for implementation,.
- ✓ Ensure that leading companies within the sector to sign the GC and be a role model for the sector,
- ✓ Initiate a sector wide impetus to increase number of signatories collectively,
- ✓ Promote best-in-class benchmarks as role models to increase implementation of GC principles,
- ✓ Incorporate sector associations, labor organizations to support implementation of GC principles,
- ✓ Identify sector specific standards, rules, and regulations that may help in implementing the GC principles.

This Sector Specific Approach is being implemented in three key industries: Pharmaceutical, Automotive, and Textile. The reasons for this selection are:

- Employment of a large number of people,
- Being of critical importance for the competitiveness of Turkish economy,
- Broad geographic presence,
- Importance of international standards and
- Export potential

On May 4th, 2010 key automotive players in Turkiye, such as Doğuş Otomotiv (Volkswagen distributor), Ford Otomotiv, and Renault Mais confirmed their commitment to the Global Compact in Bursa. On May 24th, 33 pharmaceutical companies signed the Global Compact in Istanbul, a significant increase to the 84 pharma companies who signed the Global Compact prior to the launching of this sectoral approach, globally.

[1] ***The methodology of the sectoral approach – (workshops,collaboration and publicity and signatory strategy) has been developed by ARGE Consultingwhose Chairman is the Global Compact Network Turkiye Representative, Dr. Yilmaz Argüden***

Workshop in preparation for attracting Pharmaceutical Industry players to GC Network, held at the Istanbul Chambers of Commerce (February 2010)

*You may see some examples of recommendations for automotive and pharmaceutical workshops below.

Signatories in Automotive Industry	
1	Renault Mais
2	Doğuş Otomotiv
3	Otokoç Otomotiv
4	Ford Otomotiv

Auto Industry Global Compact Signing Ceremony held in Bursa in affiliation with the Bursa Chambers of Commerce (May 4th, 2010)

Adding 33 new Turkish members to the 84 Global Compact signatories from the Pharmaceutical Industry, globally

Pharmaceutical Industry Global Compact Signing Ceremony, held in Istanbul in affiliation Pharmecutical Industry Employers' Association (May 24, 2010)

	Signatories in Pharmaceutical Industry		
1	Abdi İbrahim İlaç San. ve Tic. A.Ş.	18	Med-İlaç San. ve Tic. A.Ş.
2	Actavis İlaçları A.Ş.	19	Merkez İlaç San. ve Tic. A.Ş.
3	Adeka İlaç San. ve Tic. A.Ş.	20	Mustafa Nevzat İlaç San. A.Ş.
4	Ali Raif İlaç San. A.Ş.	21	Nobel İlaç ve Hammaddeleri İth. İhr. A.Ş.
5	Berko İlaç ve Kimya San. A.Ş.	22	Novartis Sağlık Ürünleri A.Ş.
6	Biem Tıbbi Cihaz ve İlaç San. ve Tic. Ltd. Şti.	23	Pensa Pharma İlaç Tic. ve San. A.Ş.
7	Bilim İlaç San. Tic. A.Ş.	24	PharmaVision San. ve Tic. A.Ş.
8	Centurion Pharma İlaç Ltd. Şti.	25	Sandoz İlaç San. ve Tic. A.Ş.
9	Delta Vital İlaç San.Tic.Ltd.Şti.	26	Santa Farma İlaç San. A.Ş.
10	Dr. F. Frik İlaç San. Tic. A.Ş.	27	Tabuk İlaç Tic.Ltd.Şti.
11	Drogsan İlaçları San. ve Tic. A.Ş.	28	Terra İlaç ve Kimya San. Tic. A.Ş.
12	Genesis İlaç ve Sağlık Ürünleri A.Ş.	29	Turgut İlaç A.Ş.
13	Genzyme Sağlık Hizmetleri ve Tedavi Ürünleri Tic. Ltd. Şti.	30	Tüm Ekip İlaç A.Ş.
14	Pharmaceutical Manufacturers Association (Business Ass.)	31	Vem İlaç San. ve Tic. Ltd. Şti.
15	Kansuk Laboratuarı San. ve Tic. A.Ş.	32	Yenişehir Laboratuvarı Ticaret ve Sanayi Ltd. Şti.
16	Keymen İlaç San. ve Tic. Ltd. Şti.	33	Yilbak Ticaret A.Ş.
17	Liba Laboratuarları A.Ş.	34	Zentiva Sağlık Ürünleri San. ve Tic. A.Ş.

A. Recommendations which can be achieved in the short term creating added value – Automotive Sector Workshop

RECOMMENDATION	METHOD
The Environment – Making arrangements in order to remove the implementation and regulation differences	By conducting a committee study, implementation and regulation differences can be set forth and orientation steps can be identified.
The Environment - Translating measurement criteria to Turkish	With a committee study where mutual terms can be composed and criteria where the whole establishment and their workers will easily comprehend can be identified.
Updating the agreements and evaluations between companies within the supply-chain in order for them to include this issue area	On a company basis or with mutual study taking the Global Compact principles into account, an updating study may be conducted.
Discussing issues related to sectoral organization by forming mutual platforms	A workshop can be arranged where mutual difficulties and recommendations regarding the issue are shared and where the fundamental principles are identified.
Forming platforms where agreements can be reached with organizations regarding ethical regulations	The study regarding the second recommendation can also plan this issue
Evaluations aimed at developing lines of business for women can be made within the sector	On a company basis or a by reviewing a mutual study new areas can be developed with regards to women's employment.
Substantiating a study such as SA8000 regarding the compliance of Social Responsibility rules/standards to the sector	Along with the committee study, orientation, awareness raising and dissemination studies can be conducted.
Forming an information network about international incentives	An infrastructure can be developed with the initiatives of umbrella institutions/organizations/unions in the sector.
The Environment- Making sure that solution recommendations are included in the reports regarding the audit results	By providing environmental auditing authorities development recommendations, implementation may be ensured.

B. Recommendations which will be concluded within the medium term - Automotive Sector Workshop

RECOMMENDATION	METHOD
Providing encouragement regarding waste management practices	Requests and recommendations can be presented by having the representative of the sector meet relative government agencies.
Research & Development incentives must be increased and made widespread, regulations should be easy to implement	
Encouraging 14001/OHSAS1800 standards and making them mandatory	
Working Conditions – Developing auditing mechanisms	
The Environment - Consolidating auditing mechanisms, increasing the auditors' level of knowledge	
The anti-corruption auditing mechanisms should be developed	
The Environment - Cooperating with the government and local institutions in order to develop practices is necessary	
Transparency should be increased within institutional practices	
Regulations regarding services should be identified within institutions	

A. Recommendations for extending range of GC – Pharmaceutical Sector Workshop

RECOMMENDATIONS	METHOD
Inviting and achieving Turkish Pharmacists' Association (TPA), Turkish Mecical Association (TTB) and Association of Pharmaceuticals StoreHouses to be part of GC	A working group meeting can be arranged for informing and promoting GC to TPA, TTB ve EDD

B. Recommendations for progress in processes – Pharmaceutical Sector Workshop

RECOMMENDATIONS	METHOD
Establishing a chain by municipalities for collecting medical waste from houses and pharmacies	Municipalities can work with NGO's and pharmacies. The issue can be coordinated with companies and official organizations. This study should need an investment and bring results in the long term.
The capacity of İZAYDAŞ can be increased. Developing new waste disposal plants.	Ministery of Environment and Forests (ÇOB) , can make cooperation with NGO and İZAYDAŞ. A big amount of investment is required.
Buying carbon credit and planting exchanging for the activities of sales representatives that create CO2 release	Companies and ÇOB can create cooperations. Middle sized investment is required.
Improving logistics and distrubition systems.	Cooperation may be developed with logistics companies. Project development and committee workshops may be needed to make progress on process.
Technologies to lessen the packaging need (recycled papers and similar applications)	Cooperation can be developed with packaging companies. With a Commitee study idea can be defined as an important project.
Structures can be developed to support R&D and innovations. / Eczacıbaşı case could be replicated	Committee workshop may be required.
EU's process for environment accord managed by cooperation of public-private sector	Committee workshops can be performed by companies and public institutions.

C. Recommendations for making progress in regulatory definitions such as principles – Pharmaceutical Sector Workshop

RECOMMENDATION	METHOD
Waste management principles can be created/updated in pharmacy industry. Some organizations in the industry can be the pioneers for this purpose.	Committee workshop can be performed by companies and public institutions.
Training and encouragment programs can be developed for water&energy consumption and CO2 release	Companies can develop common content and internal training programs. This may improve efficiency positively in the short run.
All related stakeholders should work in coordination to collect drugs that exceeds expiration date	A committee workshop can be performed by companies and public instutitions.
Recognizing delibaration power of representative instutitions	Discussion sessions can be scheduled to gather NGO's and public instutions.

D. Recommendations for raising public awareness – Pharmaceutical Sector Workshop

RECOMMENDATION	METHOD
Training programs can be be developed for waste management	Companies can develop common content and internal education programs.
Awareness campaigns for drug consumption in public	Communication plans can be developed with the cooperation of TPA, TTB other NGO's and public institutions.
Awareness campaigns for women participation in business life can be developed	Policies for increasing women employment can be shared with companies in the value chain. Companies can have common or individual applications.

A Sector Specific Approach to Deployment of Global Compact

Dr. Yılmaz Argüden[2]

"Every revolution was first a thought in one man's mind."

Ralph Waldo Emerson

What changes the world is not armies, arms, or economic power, but the power of ideas. The greatest revolutions, whether they be of the social, scientific or the economic nature, have occurred because of the introduction of a new idea and its dissemination. The faster an idea is disseminated and adopted, the faster and more consequential the change will be. In today's world due to technologies that facilitate the sharing and communication of ideas, technical obstacles to the dissemination of ideas are dwindling. On the other hand, the sheer volume of new ideas reaching people makes it harder to arouse curiosity or to remember all. Therefore, it is as important to market ideas as to produce them in order to instigate change.

UN's Global Compact has been a such an idea. In 1999, at Davos, Mr. Kofi Annan, the Secretary General of the UN at the time, called the leaders individually and collectively to 'embrace, support and enact a set of core values in the areas of human rights, labor standards, environmental practices', and to combat corruption[i]. In July of 2000, UN formally initiated the Global Compact to call for voluntary participation of all kinds of institutions to advance their commitments to sustainability and corporate citizenship. What was novel about this call was its **voluntary nature**, albeit with a **condition to submit a public report** on each institution's annual implementation of the ten universally accepted principles.

The Global Compact has become a leadership platform, endorsed by Chief Executive Officers, and offering a unique strategic platform for participants to advance their commitments to sustainability and corporate citizenship. Requirement to communicate openly and honestly about the activities, successes, and challenges of the participating institutions has been a critical impetus for not only continuous improvement of their own performances, but also as a means to set benchmarks and ability to share best-in-class examples, globally. Performance, if not measured, cannot be improved. Global Compact, despite its voluntary nature, has not only increased the focus to measure performance on key sustainability areas, but also increased their priority in the eyes of institutional leaders as they had to publicly report progress on an annual basis.

While some criticize the lack of third party verification of the annual Communications on Progress (COP) each institution prepares, over time many companies are starting to incorporate such independent reviews, once again voluntarily, in order to increase the credibility of their reporting. In short, **public reporting brings its own discipline and motivation for continuous improvement**.

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[2] Dr. Yılmaz Argüden is the Chairman of ARGE Consulting, a strategy boutique based in Istanbul and the first Turkish signatory of the Global Compact in 2002. He is also the Chairman of Rothschild, Turkiye; an author, a columnist, and an Adj. Prof. of strategy at the Bosphorus and Koç Universities. He was selected as a "Global Leader for Tomorrow" by the World Economic Forum.

Dr. Argüden is the National Representative of the Global Compact in Turkiye. (www.arguden.net)

One of the key dilemmas for businesses is whether they are responsible to their shareholders or to all of their stakeholders, including the workers, customers, other members of the value chain, and even the community in which they operate. In reality, this is a false dilemma. This is so because responsible behavior of a company in a society is key to its sustainability. Responsible corporate citizenship actually benefits the shareholders. Trust is the foundation of sustainable development. As the world continues to get smaller, our mutual interdependence increases and we all need to be able to mobilize others' resources and goodwill to achieve success. Mobilizing others' resources can only be achieved through gaining their trust. Therefore, the ability to gain the trust of global financial markets and all the stakeholders in the value chain is becoming the key to success. The Global Compact, through voluntary declaration of the performance about the relationships with all stakeholders, provides an opportunity to improve the trust for the corporation, if these declarations are sincere. However, by the same process of annual public declarations, it increases the risk of not being transparent and sincere, by making it easier to identify inconsistencies of behavior.

Therefore, common goals, such as building markets, combating corruption, safeguarding the environment, and ensuring social inclusion, have resulted in unprecedented partnerships and openness among business, government, civil society, labor and the United Nations. Global Compact has become the largest corporate citizenship and sustainability initiative in the world with over 7700 participants from more than 130 countries. In short, Global Compact provides a tool for self-enforcing discipline to be a responsible corporate citizen. Thereby, improving social licence to operate and be sustainable to participating institutions.

During its first decade, the efforts to increase the number of participants to Global Compact has been organized on a national basis and without focus on specific industries. The same applies to the GC Local Network in Turkiye as well.

Global Compact Network in Turkiye

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

Some highlights about the Turkish Network:

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

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

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

1. **Marketing & Communication**

- Tracking efforts
- Increasing the sharing culture to become an effective network
- Disseminating information from the UN

- Organizing seminars, meeting to inform and share latest developments with network participants
- Making activities to increase the awareness about GC and Turkiye Network

2. Development of Reporting Performance

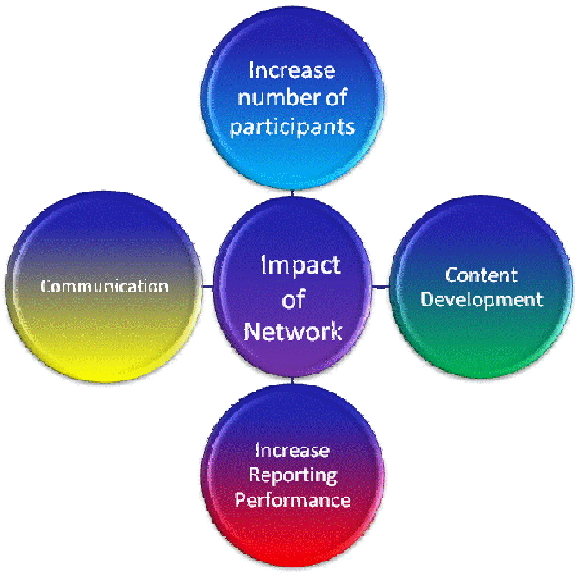
- COP Tracking/ Guiding
- Taking action to develop COP standards
- To increase notable COP's from Turkiye

3. **Content Development (Knowledge Creation):**

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

4. Developing The Network

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



A New Sector Specific Approach

Segmentation is a key marketing concept. A market segment is a sub-set of a market made up of organizations sharing one or more characteristics that cause them to demand similar product and/or services based on qualities of those products such as price or function. A good market segmentation ensures that the chosen sub-set of the market has different needs than other segments (*distinct*), is homogeneous within the segment (*common needs*), can be reached by a similar approach, and *responds similarly* to a stimulus.

GCLN Turkiye has recently embarked on a ***new Sector Specific Approach*** to utilize the market segmentation idea for deployment of the Global Compact. Companies in a specific sector tend to face *common* issues *distinct* from other sectors. Also, it is easier to *reach* companies of a particular sector through their industry associations. Finally, collective action enables a comradeship approach within the industry and convincing leading players of the sector increases the attractiveness to join the GC to avoid being left behind.

The Steering Committee selected three main sectors (Pharmaceutical, Automotive, and Textile). Initially focusing on these three key sectors, the GCLN Turkiye organizes various outreach events to increase the number of signatories, brainstorming sessions with the aim of increasing a consciousness of the universal

principles of the Global Compact and identifying key sector issues with their application, and training sessions to improve COP quality, share best-in-class examples, and ultimately to ensure effective implementation of Global Compact principles by the companies in the sector.

The Purpose:

The purpose of this Sector Specific Approach is to:

- ✓ Make sure that the awareness for ten GC principles is increased throughout the sector,
- ✓ Identify issues specific to the sector in implementing the ten GC principles and to ask sector representatives to propose solutions for implementation,.
- ✓ Ensure that leading companies within the sector to sign the GC and be a role model for the sector,
- ✓ Initiate a sector wide impetus to increase number of signatories collectively,
- ✓ Promote best-in-class benchmarks as role models to increase implementation of GC principles,
- ✓ Incorporate sector associations, labor organizations to support implementation of GC principles,
- ✓ Identify sector specific standards, rules, and regulations that may help in implementing the GC principles.

Implementation Steps:

This Sector Specific Approach is being implemented in three key industries: Pharmaceutical, Automotive, and Textile. The reasons for this selection are:

- Employment of a large number of people,
- Being of critical importance for the competitiveness of Turkish economy,
- Broad geographic presence,
- Importance of international standards and
- Export potential

The implementation of this Sector Specific Approach involves:

1. Identification of key player of the industry who could become a role model for the rest of the companies in this industry,
2. Identification of sector associations, foundations, and other key stakeholders,
3. Invitation of these key players for a workshop where GC principles are and good practices in implementation are shared,
4. Asking the sector representatives to identify sector specific issues based on each of the ten GC principles and potential solutions,
5. Preparing a summary report based on this workshop and sharing it widely within the sector,
6. Inviting interested parties to a public signing ceremony for GC principles and publicizing the event to introduce a sense of urgency and competitive tension between companies,
7. Whenever necessary, providing support for preparation of COPs and sharing benchmark examples within the industry to promote right behaviors.

Content Development through a Workshop

The purpose of the workshop is to involve all interested parties and sector representatives in identifying key issues for this specific sector in applying GC principles in this industry. The participants are first given a presentation on all four key areas of the GC: human rights, labor, environment, and anti-corruption by experts. The presentations also include some benchmark examples either from other industries or from other countries.

The next step is to conduct a brain-storming exercise in small groups to identify the issues, challenges of applying each of the GC principles in this specific sector. Second step is to prioritize these issues and try to identify potential solution to these challenges. Third step is to identify other instituitons that may help overcome these difficulties, projects that maybe undertaken jointly with industry participants to help resolve these issues, as well as, approximate timing and resource requirements to overcome the identified sector specific challenges.

Such a report identifying sector specific issues and potential solutions along with a schedule of implementation and resource requirements is a key content development effort that helps all stakeholders to better understand, asses, and implement GC principles. It also has the effect to mobilize collective efforts within the industry by promoting a common understanding.

Publicity

A collective effort by the GCLN and industry associations and a having a formal signing ceremony with government representatives and the media promotes a sense of urgency and an impetus to enlist. Also, utilizing key industry players' willingness to be part of the GC to create a platform to share their views about the GC attracts the attention of the media and other industry participants. Finally such a public show of face brings energy to the movement and a discipline for implementation throughout the year. Such a public commitment is the key to effective implementation of GC principles.

Conclusion

By involving industry organizations, key players, and industry leaders GCLN Turkiye creates a momentum to join and implement GC principles in specific industries. Companies tend to follow the developments within their own industry closer than general trends. Therefore, enlisting leading players within an industry to GC principles have a pull effect on most of the industry participants. In particular, involving industry organizations in this effort makes it easier to raise the awareness throughout the sector. Also, being specific about the challenges of implementation for a particular industry enhances collective action to resolve some common issues and promotes broad participation and effective implementation. Finally, industry specific benchmarks and good practice examples are more meaningful for industry participants and enables multi country comparisons.

In short, applying the concept of market segmentation to implement a Sector Specific Approach to the deployment of GC principles is an effective way to broaden the reach of GC and improve the effectiveness of implementation of GC principles.

[1] *Fight against corruption was incorporated into the Global Compact principles later.*

NEW HORIZONS

UNDP Turkey Monthly Newsletter Issue 54, June 2010

A NEW SECTORAL APPROACH

"The UN Global Compact is essentially unleashing a multi-stakeholder entrepreneurship to ensure that all people are integrated in collective action to reach the MDGs" said UNDP Resident Representative Shahid Najam at the Yale World Fellows Programme held at Boğaziçi University in Istanbul to commemorate the first decade of the Global Compact. Ten years into its initiation, the Global Compact in Turkey is gaining momentum. With 180 member institutions, the Global Compact Local Network in Turkey has pioneered a new sectoral approach to implement GC principles in specific industries. In an interview with *New Horizons*, director of the Global Compact Local Network in Turkey Yılmaz Argüden said he hopes this new approach will set new benchmarks for Global Compact Networks around the world. More >>

THE REGION REVIEWS PROGRESS TOWARDS 2015

With only 5 years left, the government of Turkey will host a Regional Conference to review the progress toward the Millennium Development Goals (MDGs) in Istanbul on 9-10 June 2010. The MDG +10 Regional Conference Europe and the Commonwealth of Independent States (CIS) will be co-organized by the United Nations Development Programme (UNDP) and the United Nations Economic Commission for Europe (UNECE). More >>

TURKEY IDENTIFIES MARINE SENSITIVE AREAS

Within the scope of the 2010 International Year of Biodiversity, Turkey is accelerating its efforts to protect fragile ecosystems through identifying marine sensitive areas. A

Within the sectoral approach framework initially the GC principles were introduced to the specific industry representatives. Then during the second part of the meeting, workshops were organized for the industry representatives to help them identify common issues in applying the 10 GC principles tıo their own industry. Finally, the workshop participants identified the challenges and possible solutions and prioritized them according to implementation capabilities of the industry, as judged by the workshop participants. Similar approach was utilized for both the automotive and pharmaceutiacal industries and the conclusions of these workshops wereshared with relevant industry participants in inviting them to join the Global Compact.

The Sectoral Development Strategy also focussed on working with relevant industry organizations to reach out to as many companies as possible and in particular to attract the industry leaders to the initiative as role models. This approach helped us mobilize the leaders in each industry to join the Global Compact and provide help in mobilizing others, as well as bringing impetus to collobarative solutions.

This innovative sectoral deployment approach was also introduced to the UN Secretary General, Ban Ki-moon, at the Bosphorus University during his visit to Istanbul on May 21, 2010.

Global Compact Turkiye Network

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

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

MILESTONES

2000

2000
- First Global Compact outreach event takes place in India

2001
- Nordic countries host meeting that introduces the notion of a local engagement platform
- Chile is the first Latin American country to launch the Global Compact

2002
- Ghana is the first African country to launch the Global Compact

2003
- Networks gather for the first time in Berne, later to be known as the "Annual Local Networks Forum". Representatives from over 30 countries call for increased guidance on local operations.
- Spain is the first network to adopt a formal governance framework
- Regional Support Center for Eastern Europe and the CIS is established
- India is the first to form an association, "Global Compact Society", with legal status
- New guidelines are introduced to support network organization of events and activities

2004
- II ALNF in London results in a set of minimum governance requirements
- Fundació Fòrum – Barcelona Center for the Support of the Global Compact is launched in Spain

2005
- First policy document released on network governance and criteria
- III ALNF in Barcelona focuses on recommendations for enhancing the effectiveness of networks

2006
- IV ALNF in Barcelona results in adoption of terms of reference on the ALNF's role in the Global Compact's overall governance framework

2007
- V ALNF in Monterrey facilitates the exchange of good practices
- Launch of the Global Compact Project hosted by UNESCAP in Thailand
- Global Compact releases detailed analysis of network activities and governance, to be developed annually in the future

2008
- Japan transitions to a CEO-led network
- Gulf Region launches a regional network in Dubai
- VI ALNF in Bonn focuses on integrity and management of networks, introduces annual Memorandum of Understanding between networks and the Global Compact Office

2009
- Global Compact Network China gains formal legal status
- VII ALNF in Istanbul results in recommendations on COPs, micro-enterprises, civil society organizations
- First meeting of Regional Support Hubs results in development of a training package for networks
- Regional Support Center opens in Latin America
- China-Japan-Korea establish a Roundtable to increase collaboration in the region

2010
- India hosts Asia-Pacific Regional Conclave attracting delegates from 21 countries
- Turkey launches sectoral approach for promoting the Global Compact

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

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 Pınar Ilgaz both partners of ARGE and 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 2010 fourth time, award process implemented.

Award Categories

- ***A. Best Practice in Voluntary Program***
- ***B. Best Practice in Voluntary Project***
- ***C. Best Practice in Creative Voluntary project***

AWARD Ceremony
21st December 2010

<u>Best Practice in Creative Voluntary Project</u>
Enerjisa/ "E-atık: Tanışma ve Bilinçlendirme Projesi"

<u>Best Practice in Voluntary Project</u>
IBM / "Kurumsal Hizmet Gücü"

Contributed articles for the key 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"

05.02.2010	Leadership for Turkiye,leadership for World
12.02.2010	Risks for Company Representatives
26.02.2010	Aging World
05.03.2010	Corporate Governance Model
12.03.2010	Global Compact
19.03.2010	Time to Move
26.03.2010	Global Offering for Global Peace
02.04.2010	Business Ethics
16.04.2010	Adherence
30.04.2010	New Test in Compatition Law
28.05.2010	Training Identical People
04.06.2010	Global Compact 10th Anniversary
11.06.2010	Reporting Standarts
25.06.2010	From Short Term to Sustainability
09.07.2010	Responsible Investment
23.07.2010	World Needs Crisis
13.08.2010	Structural Reforms
20.08.2010	Growing by Buying
10.09.2010	Productivity Improving Cities
17.09.2010	Lessons from NGO's
24.09.2010	Compatitive Obstacles in Democracy
01.10.2010	Cost Management
08.10.2010	Benefits of Corporate Social Responsibility
15.10.2010	E - Government
29.10.2010	Board Issues
10.12.2010	Positive Thinking Brings Happiness
17.12.2010	Trust Triggers Development

Lectures

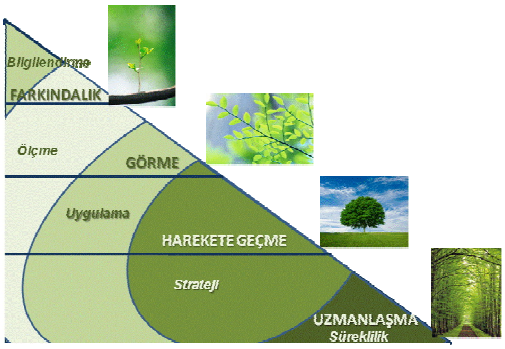
Dr. Yılmaz Argüden gave lectures in 2010 as follows:

- ✓ January - German Marshall Fund
- ✓ February - Attended approximately 15 radio canal's talking programs about Boardroom Secrets book.
- ✓ February – Lecture in Rotman School about Boardroom Secrets
- ✓ March - Lecture in Insead about Boardroom Secrets
- ✓ March - Lecture in Indusrial Conference
- ✓ March – Attended Advisory Board of Global Corporate Governance Forum in London
- ✓ April - Turkish - Canadian Business Council in Toronto
- ✓ April – Radio Program in US
- ✓ April – Television Program in Turkiye - TRT
- ✓ May – Signatory Ceremonies – Sectoral Approach
- ✓ June - GCGF PSAG meeting in Toronto
- ✓ June - International Corporate Governance Network meetings
- ✓ June - GC 10th Anniversary Summit
- ✓ June - Lecture in Futurist Association meeting
- ✓ August- Course in Miilitary Academy
- ✓ September – Turkish - French Business Council meetings as Vice President
- ✓ October – Lecture in Technology Transfer Workshop
- ✓ October – Lecture in Antalya - JCI(Jaycees)
- ✓ October – Lecture in New York University
- ✓ November – Lecture in Baltic Countries meeting on Corproate Governance
- ✓ November – Lecture in Ukraine

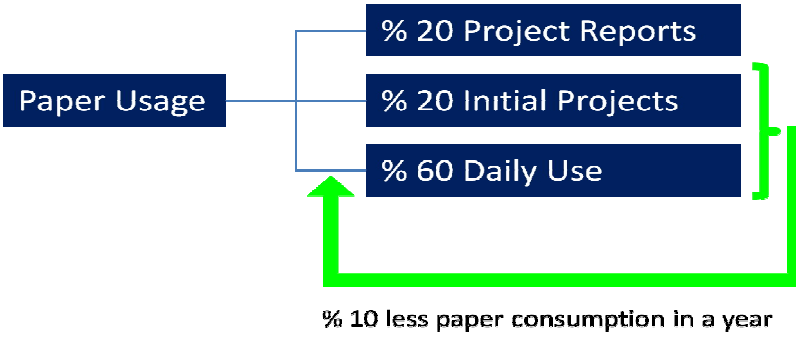
"ARGE aims to develop a practical model for our customers which will increase their awareness and help measure their performance in environmental impact of their activities"

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 loan entrepreneur award model

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

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

In 2010 more than 1200 contestants were evaluated by our evaluation model between ages 23-72 in five different categories; financial success, social impact, vision, individual contention and hopeful entrepreneurship.

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

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

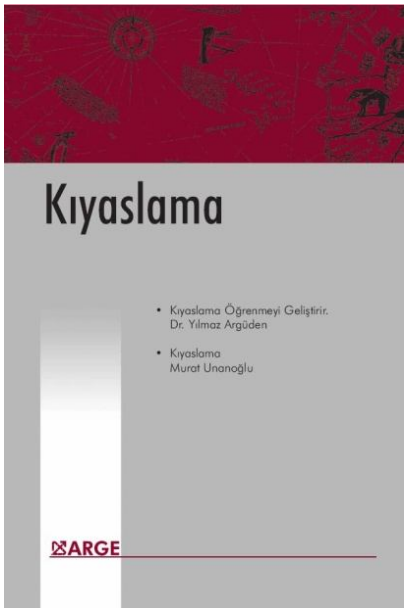
"Balanced Scorecard"2000

Publications:

Benchmarking

Knowledge is power. We believe that societies who create and use knowledge develop faster. In this 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 "data to information, cost to value".

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.



Boardroom Secrets

"Boardroom Secrets: Corporate Governance for Quality of Life" published by Palgrave Macmillan in 2009 which reveals the secrets of governance. Mr.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 Mr. 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 regulationist. 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, Mr.Argüden has contributed to world's intellectual accumulation of knowledge by this book.

"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 2006, in a project named 'Good Governance - Quality of Life'.

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

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

KALDER – Turkish Quality Association

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

TEGV - The Educational Volunteers Foundation

One of the foremost non-governmental organization operating in the educational field in Turkey 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

UN GLOBAL COMPACT PRINCIPLES	INDICATORS for SUSTAINABILITY	ARGE APPROACH & PRACTICES
Principle 1: ***Business should support and respect the protection of internationally proclaimed human rights***	**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.	The first six principles compose the most important criteria for us in terms of selecting our customers. **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. We try to develop awareness among the students in respect of these principles.
Principle 2: ***Business should ensure that they are not complicit in human rights***	**ARGE** policies on harassment, employment equity, safety, health all ensure that basic human rights are firmly respected.	
Principle 3: ***Business should uphold the freedom of association and effective recognition of the right to collective bargaining***	**ARGE** policy on employment equity ensures the provision of good working conditions in which all employees could express their ideas. ✓ Open – door policy ✓ Feedback in formal and informal discussions ✓ Excellent working conditions ✓ Profit sharing, through bonuses, staff appreciation days	Maintaining a good reputation in line with these principles is a fundamental element in our operations. These principles are integral parts of **ARGE** values.

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.	The first six principles compose the most important criteria for us in terms of selecting our customers. **ARGE** aims to be a role model with its contributions to the community. This is an integral part of our company vision.
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.	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.
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.	We try to develop awareness among the students in respect of these principles. Maintaining a good reputation in line with these principles is a fundamental element in our operations. These principles are integral parts of **ARGE** values

Principle 7: ***Business should support a precautionary approach to environmental challenges***	**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.
Principle 8: ***Business should undertake initiatives to promote greater environment responsibility***	**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.
Principle 9: ***Business should encourage the development and diffusion of environmentally friendly Technologies***	**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.

Principle 10: ***Businesses should work against corruption in all its forms, including extortion and bribery*** ***Principle 10:*** ***Businesses should work against corruption in all its forms, including extortion and bribery***	**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. **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.	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.

Performance Indicators

		MAIN ISSUE	2010 Targets & Plans	Results of 2010	2011 Targets & Plans
LABOUR STANDARDS		Number of Woman Employees/Number of Total employees	40%	40%	40%
		Absence of working days (day/man)	2	2	2
		Non- discrimination	Fair Treatment	We sustained our fair and proper policy in 2010	We will sustain our fair and proper policy in 2011
		Wages	Fair and systematic treatment based on performance and organizational responsibility level	We sustained our fair and systematic policy in 2010	We will sustain our fair and systematic policy in 2011
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		
		Recruitment Process	Fair treatment	Worked with designed	We will sustain our fair and proper recruitment
		Individual development. Training days (day/man)	20	20	20
		Internal Communication	Access to internet, company server/ Laptop for every employee/ Celebration of birthdays with a small party and giving gifts	We sustained our defined policy in 2010	We will sustain our policy in 2011
		Timesheet - a system to plan, record and monitor hours worked by each employee	Motivate for a balanced and efficient time usage		
ENVIRONMENT	Water Usage	Level of water consumption (m3)	60	60	
		Level of water consumption per person (m3/person)	4,0	4	4
	Electricity Usage	Level of electricity consumption (kwh)	13.400	13.400	13.400
		Level of electricity consumption per person (kwh/person)	893	900	893
	Natural Gas Usage	Level of energy consumption (natural gas, m3) (heating purpose)	Our buildings' heating system is for common usage	2.000	We aim to reduce our consumption
		Level of energy consumption (natıral gas, m3) (production purpose)		-	
		Level of energy consumption per person (natural gas, m3/person) (heating purpose)		133	
	Paper Usage	Level of paper consumption (kg)	140	136	130
		Level of paper consumption per person (kg/person)	9,1	9,1	We aim to reduce our consumption and continue to support recycling process in 2011
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 activies.	We will continue our way of living with high loyalty to our ethical values.		
VOLUNTEER ACTIVITIES		Publishes	We will publish a new booklet about "KPI". We will publish **a new booklet** to contribute our society and send out more than 3000 readers in 2010.	We worked on "KPI" book but will publish in 2011	We will publish a new booklet about "KPI"
		Articles	We will continue to publish articles	We have published 27 articles	We will continue to publish articles
		Lectures	We will give at least 8 lectures in 2010.	8	We will give lectures about management
		Volunteer activities (hours/man)	We will continue our attribute with the same passion in 2010.	320	We will continue our attribute with the same passion in 2011

ARGE's Service Areas

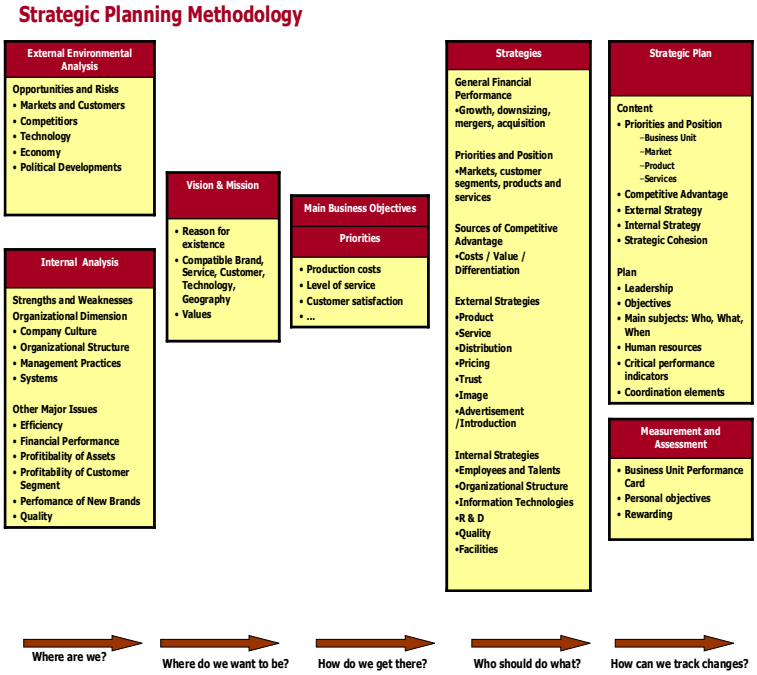
Strategy	Business Excellence	Institution Building	Shaping the Future
Strategy Development	Assessment of Business Effectiveness	Human Resources Management Systems	Structuring Community Contribution
Strategy Implementation (Balanced Scorecard)	Total Quality Management	Organizational Structuring	Developing 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**.



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.

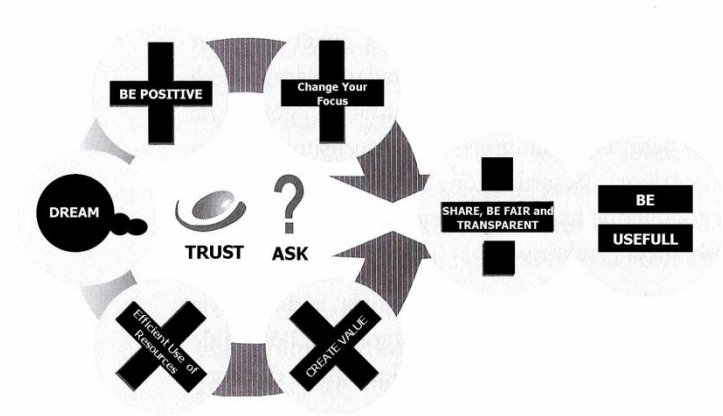
The basis of this understanding can be found at the intersection of western analytic thinking and eastern spiritual and holistic outlook. It involves the tradition of tolerance prominent in Anatolia, the crossroads of civilizations; creation of value and sharing it with an attitude of "Regard the other, 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.