



ARGE CONSULTING COMMUNICATION ON PROGRESS REPORT

2013 PERIOD

*ARGE's Mission
& Vision*

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

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Chairman's Message

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

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

In 2013, we continued our voluntary activities, such as serving on the boards of numerous NGOs; managing and providing guidance for the evaluators of award processes of OSGD and Citibank –Micro Credit; wrote and shared articles to introduce new management ideas and concepts to our society. We have also been active in numerous international organizations such as the Global Corporate Governance Forum and representing the business world on public governance matters at the OECD to improve the quality of governance throughout the world.

We participated Rio+20 as Turkiye Network Representative and promote the event and important ideas by lectures and some articles. Also, worked on new articles which were published in **International Journal of Disclosure and Governance** named Right Reward for Right Performance: Aligning Executive Compensation with Good Governance', and article named Why Boards Need More Women, published in **Harvard Business Review Blog**

Also in 2013, we continued to lead the Global Compact activities by assuming the role of National Representative of UN Global Compact. Since our aim is to increase the impact of voluntary activities, and feeling great responsibility by being the National Representative, we have been trying to increase the number of signatories and the effectiveness of the Network. The Sectorial Approach, which was designed and implemented first by Turkish Network, has been defined as an important milestone in Global Compact Activities. We try to improve and share knowledge about good governance with society by our volunteer activities. With this report, we share our corporate social responsibility activities for the period of the year 2013.

Dr.Yılmaz Argüden

Chairman

THE REPORTING PRINCIPALS

This year ARGE's COP has been prepared in accordance with GRI G4 Guidelines. The report has been prepared according to core option principals. The Core option provides the background against which an organization communicates the impacts of its economic, environmental and social and governance performance

The main purpose of the report is to show activities realized by ARGE Consulting for developing sustainable practices in public and private institutions and in the society.

“Sustainability Topics for the Sectors“ report has been used as a guide in determining relevant subjects for reporting.

ARGE produces annual reports.

The report has not been assured by a third party.

UN Global Compact and ARGE Consulting

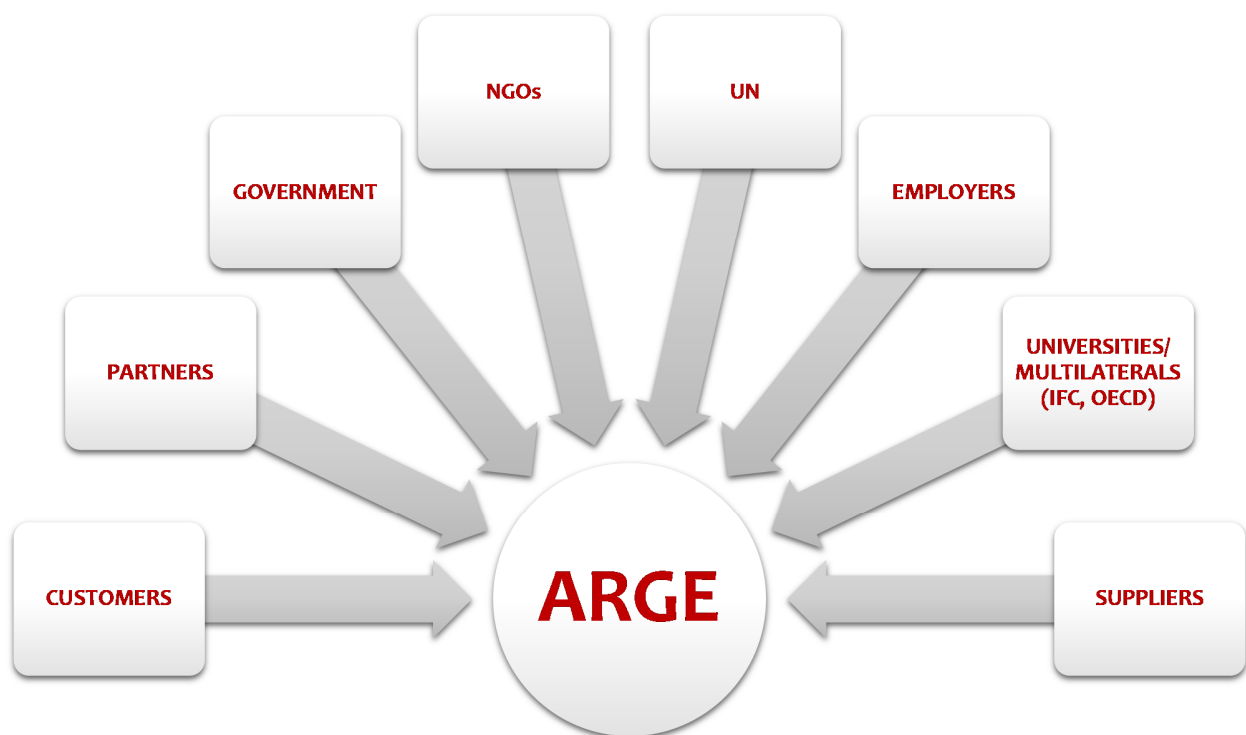
ARGE, has signed the UN Global Compact in 2002 as the first signatory from Turkey and has declared to apply the 10 principles concerning human rights, labor, environmental and corruption malpractices. This report also has the feature of Communication on Progress.

DETERMINATION OF MATERIAL ISSUES

Identification of material topics for the company is key to prepare a good quality sustainability report. The material topics need to cover the important issues for; the sustainability of the company and economic, social and environmental impacts on the stakeholders created due to the activities of the institution. Therefore the first step in preparation of this report is determining the stakeholders for ARGE Consulting.

STAKEHOLDERS

The stakeholders of ARGE Consulting have been reviewed and analyzed. Based on the review, stakeholder map of ARGE is;



ARGE is a management consultant. ARGE creates its impact through projects it realizes for customers and government offices.

Partners play an important role in shaping and creating this impact through their efforts and know how transfer in the projects.

ARGE supports the awareness raising activities in the business and also in the society. The company takes active role in the project of NGOs and collaborate with the universities to share its knowhow.

ARGE's Chairman is the chair of Local Network of Turkey and chair of LNAG and board member of UNGC. UN and ARGE are partners in awareness raising activities.

ARGE has an important expertise on corporate governance issues and share this expertise with IFC and OECD when it is required.

MATERIAL ISSUES FOR ARGE CONSULTING

Material issues have been determined according to the feedbacks obtained from stakeholders and ARGE own views and vision. ARGE has an open and transparent relation based on trust with its stakeholders. Although a specific stakeholder meeting has not been organized, the stakeholders share their views at every opportunity during and end of each projects. ARGE reaches a large number of stakeholders' views through projects with NGOs, UN.

Based on these experiences, material issues for ARGE are;

MATERIAL FOR STAKEHOLDERS	HIGH			VALUE CREATION FOR CUSTOMERS VALUE CREATION FOR THE SOCIETY DEVELOPMENT HUMAN RIGHTS AND SAFETY
	MEDIUM			
	LOW		NATURAL RESOURCE USAGE	
		LOW	MEDIUM	HIGH
		MATERIAL FOR ARGE		

The report has been prepared in accordance with above materiality table.

ARGE CONSULTING

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

ARGE is committed

- To add **value** to the business of its clients,
- To provide the **right team of experts** for each project,
- To provide **solutions that differentiate** its clients in the marketplace, with special emphasis **on implementation under local conditions**,
- To retain its objectivity and independence of its views, and to protect client confidentiality.
- Industry expertise in areas such as **energy, financial services, textiles, automotives, FMCG, manufacturing, distribution and construction** is the fundamental strength of the company. **ARGE** also has a network of collaboration arrangements with

organizations and affiliates in Turkey, Europe, and USA to bring together relevant necessary experience to its ongoing projects.

- **ARGE's** strives to achieve a **major improvement in its clients' business results**. We believe that there are four main factors that affect business results. These are the business strategy and business excellence methodologies necessary to effectively implement the strategy, human resources, and technology management. Sustainable business results are achieved only when these four factors are considered as a whole and in a well-balanced way. Our approach is to try and balance all the four factors to suit the requirements of our clients in order to achieve the best, world-class results.

ARGE's Mission & Vision

To create value by improving management **quality**.

To be a role model in creating value for its clients and
with its contributions to the community.

ARGE Values & Principles



Our mission is to create value.

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



Our most important asset is the trust of our clients.

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



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

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



The assurance of our future is our passion for learning.

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



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

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



Imagination is the key to creativity and leadership.

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



The key to success is achieving sustainable improvements in competitiveness.

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

ARGE's impact on the business and social networks can be observed under below topics.



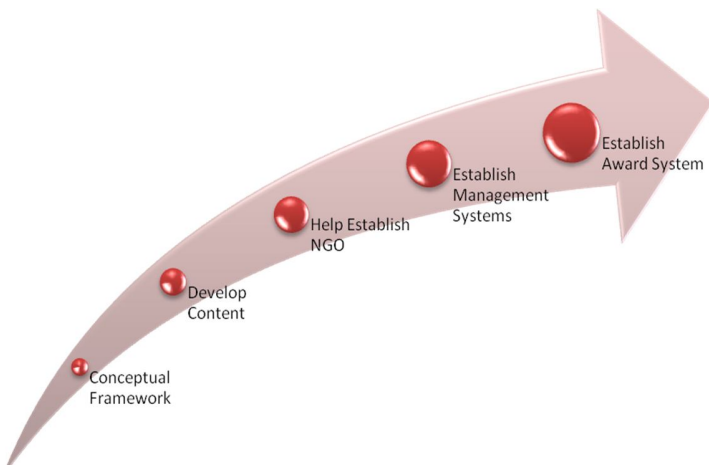
1. **Bringing Management Quality to Turkey;** ARGE has been instrumental in initiating the National Quality Movement and preparing its clients' management systems that led Turkish companies to consistently be among the top two European Quality Award winners (EFQM)
2. **Promoting Volunteerism in Corporate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

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

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

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

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



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

3. At this stage we help establish a specific NGO whose sole goal is to promote the issue at hand and gather support to the idea rather than promoting our own efforts or interests. Issue comes before interests of any player.

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.

4. 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.
5. 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.

VALUE CREATION FOR CUSTOMERS

Business Impact

ARGE Consulting has performed more than 12 projects in 2013 to the customers which has active and important impact in various industries with more than 30.000 employer.

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



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

Examples of projects that were conducted in 2012 where we have improved the awareness of our clients for CSR activities are as follows:

Project No	Sector	Number of people in the Organization	Project Name
1	Manufacturing; glassware	17,000	Developing Human Resources Systems
2	Health		Change Management
3	Textile	3,000	Corporate Governance
4	Textile	1,000	Institutional development
5	Aviation	2,500	Balanced Scorecard
6	Agricultural Machinery	800	Institutional development
7	Construction	1000	Institutional development
8	Construction	250	Institutional development
9	Construction	50	Institutional development
10	Technology	600	Human Resources Management
11	Pharmaceutical	1,500	Institutional development
12	Software	150	Institutional development
13	Battery Manufacturer	440	Strategy Deployment
14	Insurance	500	Balanced Scorecard
15	Export Processing Zone Management		Corporate Governance
16	Beverages		HR - Career Planning

ARGE's BUSINESS MODEL

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

VALUE CREATION FOR SOCIETY

Value creation for the society is one of the core values of ARGE's governance perspective.

ARGE supports the **Global Compact** and integrates the 10 principles of the UN Global Compact in its operations, as the first Turkish signatory. The chairman of ARGE is the chairman of UN Global Compact Turkey Network. Mr Argüden became the Chairman of Local Networks in UN Global Compact and he is UN Global Compact board member.

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.

ARGE supports its personnel to participate in NGO activities and expects them to spend 25% of their time for NGO activities.

ARGE activities that have been realized are communicated in the following pages.

UN GLOBAL COMPACT ACTIVITIES IN 2013

Joint Dialogue Series for Collective Action in Turkey: Consultation with Business and Industry;

The organization has been made together with The Turkish Ethics and Reputation Society and UNDP Turkey. This event was the first such consultation in Turkey with business and industry and civil society in the lead up to the Country Review within the UNCAC. The dialogue was attended by the inspectors' board of the Office of the Prime Ministry. This innovative joint dialogue consisted of two parts. Firstly, an introduction to the parameters of UNCAC was presented with a systemic overview of the parameters of country review. Secondly, the role of the business sector with respects to the convention and more broadly on how companies can advance the 10th UNGC Principle. Mr Argüden has made opening remarks for the meeting and highlighted the importance of 10th principle.

UNGC Turkey Network General Assembly;

UNGC Turkey network had attained its formal status in 2012. The first general Assembly of Turkey Network has been realized on March 20, 2013. The Code of Conduct and Working Principles have been accepted. The board and network representatives for 2013 – 2016 have been selected. Mr Argüden has made a presentation regarding the activities of Turkey Network.

Sustainable Banking in Practice;

Marking over 400 years of trade relations between Turkey and the Netherlands, companies representing Global Compact Local Networks in each country engaged in a series of events to exchange knowledge on sustainable business, with a particular emphasis on banking and finance. The meeting represents a first-of-its-kind collaboration between Local Networks focused on a particular sector.

The aim was to create a knowledge-sharing experience by learning from the lessons learned and best practice approaches in the Dutch financial sector. Held over a course of two days, this important event consisted of a delegation of Banking Executives from Turkey's Top 15 banks and policy makers to the Netherlands. Delegation has been leaded by Mr Argüden. The visit has been realized on March 28 – 29, 2013.

The first day of the exchange programme featured a Roundtable Meeting of the Global Compact Local Networks of the Netherlands and Turkey, held in the Hague and hosted by the Secretariat of the Dutch Local Network, the Confederation of Netherlands Industry and Employers (VNO-NCW).

Participants engaged in a sustainable banking dialogue during the final two days of the programme, with participation by a senior delegation from the Turkish banking and finance sector. Titled Sustainable Banking in Practice: Managing the Risk, Creating Opportunities, the dialogue was jointly organized by the Global Compact Networks of Turkey and the Netherlands.

Twenty-five Turkish delegates met with experts from ABN Amro, ING, Rabobank, GRI, the Equator Principles Steering Committee, FMO, the City of Amsterdam and the NYSE Euronext Stock Exchange Amsterdam.

The Turkish delegation concluded the first day of the dialogue by participating in the closing ceremony of the NYSE Amsterdam Stock Exchange, which was also attended by its CEO, marking a first for Local Networks.

Since 2009, the Turkish Local Network has worked to implement a Sectoral Deployment and is currently forming Working Groups on key issues. The dialogue provided an opportunity for the Local Network in the Netherlands to learn about the Turkish Local Network's efforts in these areas, and for Turkish banking and finance sector representatives to learn about best practices from the Netherlands.

GHG Emissions by the Industry Workshop;

The workshop has been organized together with Escarus, BSI and TBCSD on May 2, 2013. The focus of the workshop was on legal frame for GHG emissions in Turkey. Representatives from business has explained their efforts to reduce, offset, mitigate their emissions in their businesses.

Sustainable Finance Forum;

The forum has been organized together with TBCSD, UNEP-FI. This was the first summit ever organized in Turkey regarding sustainable finance practices. The event took place on May 3, 2013.

Sustainability for the financial sector as well as its business model was discussed and why it is becoming increasingly important for the economy. Environmental, social impact and risk management in the areas of business strategies and corporate governance in business was presented.

Empowering Women in Workplace Organization;

UNGC, UN Women and the International Federation of Business and Professional Women have been realized this organization on May 10, 2013 to communicate the Women's Empowerment Principals (WEP).

The Turkey Chapter of BPW held its annual Equality Means Business conference under the patronage of Her Excellency, Mrs. Emine Erdogan, in partnership with Turkey's Ministry of Family and Social Affairs. The Global Compact Local Networks of Iraq, Turkey and the Gulf States supported the meeting and shared examples of how businesses are partnering with civil society to empower women in the workplace, marketplace and community.

In light of the growing demand for increased cross-sector cooperation to create business and social value at the local level, the conference provided an important opportunity for Local Networks to interact and engage in efforts to advance the WEPs.

Case examples were presented by a broad range of stakeholders and included keynote speeches by Agah Ugur, CEO of Borusan Holdings, which hosted the meeting; President of the BPW Turkey Federation Arzu Ozyol; Turkish Deputy Minister of Family and Social Affairs Dr. Askin Asan; and leaders from the three Local Networks, among others. In her remarks, Mrs. Erdogan encouraged greater support for women in post-conflict areas such as Somalia, Myanmar and Palestine. The Turkish version of the WEPs Report was disseminated on this occasion.

Mr Argüden has made a speech in the meeting.

Sustainable Energy for All Turkey Launch Event;

UNGC Turkey develops and implements Sectorial Deployment Model since 2009. UN Secretary General launched the initiative of "Sustainable Energy for All" in 2012. UNGC Turkey together with Izmir University of Economics, the only university with Sustainable Energy Department in Turkey, decided to launch this project in Izmir, Turkey on May30, 2013.

The Keynote Speaker for this event was Mr. Brice Lalonde, Special Adviser on the MDGs to the UN Global Compact Office and former Executive Coordinator of the Rio Conference on Sustainable Development at the Assistant Secretary-General level and the former Chief Climate Negotiator for France.

Following this launch event, Accenture Turkey, the Turkish Federations of Sectorial Associations and Global Compact Türkiye began preparations for a Turkey Report to adapt the framework in the local context to help identify which priority areas are most relevant in the case of Turkey. It is expected that this report be launched in the Fall of 2014 following an extensive research, in-person interviews and an online survey that has begun.

Mr Argüden was the moderator in the event.

Corporate Social Responsibility in Middle East Conference;

The conference has been organized by Johns Hopkins University School of Advanced International Studies on June 19 – 20, 2013 in Istanbul Turkey. Mr Argüden gave a speech on "The role of business consulting to promote CSR in Turkey and the region".

Business for Peace;

Business for Peace initiative has been launched on September 19, 2013 in Newyork. UNGC Turkey Network was one of the first signatories of the initiative. Mr Argüden has made a presentation in the launch event.

Sustainable Business Summit;

The event has been organized on October 2, 2013 with the support of UNGC Turkey and CDP Turkey. Mr Argüden has made a presentation on UNGC's Sustainable Supply Chain initiative.

International Business Forum;

Germany's Federal Economic Cooperation and Development (BMZ), the German Development Agency (GIZ) in partnership with the UNDP Istanbul International Development Private Sector Department (IICPSD),the UN Global Compact and the International Chamber of Commerce (International Chamber of Commerce) organized the 16th International Business Forum in Istanbul on 23 to 24 October 2013.

The focus of the IBF was on green and inclusive businesses in developing and emerging countries and their market environment. The IBF brought together about 250 participants from more than 75 countries. Most of the participants of the forum were small and medium enterprises (SMEs) and organisations with green and inclusive business models as well as those wishing to learn more about this rapidly growing field. Moreover, investors, NGOs, development organisations, policy makers, academics, service providers and think tanks attended the conference and discussed the different thematic streams.

Dr. Argüden delivered the opening remarks for 16. IBF Gala Dinner.

Vision 2050; Sustainable Supply Chain Conference;

The event has been organized by UNGC Turkey, TUSIAD (Turkish Businessmen Association) and TBCSD.

Mr Argüden has made a presentation on UNGC "Sustainable Supply Chain Initiative".

UNGC Turkey Sustainable Banking Work stream;

ARGE's partner Mr. Erkin Erimez is a member of this work stream.

The main expectations from the work stream are;

- Ensuring that all organizations maintain a strong consideration of sustainability in their activities.
- Maintaining their keen following on latest issues regarding sustainability efforts.
- Forming a distinct sustainability team in their organization, if they have not done so already.
- Engaging in activities regarding Corporate Social Responsibility.

The work stream perform its activities based on the below frame work of sustainable banking.

Value Drivers

- Client intimacy and revenue growth
- Employee engagement & talent attraction and retention
- Acting responsibly, protecting our assets
- Identity, vision & branding
- Resource efficiency

Focus areas

- | | |
|---|---------------------------------|
| 1. Accountable & transparent | 2. Protecting Bank Assets |
| 3. Responsible financial services | 4. Being an Employer of choice |
| 5. Minimising impact on the environment | 6. Supporting local communities |

This vision requires integrating sustainability into all parts of the organisation

The group decided to focus on 3 topics of;

TOPIC 1: BEING ACCOUNTABLE & TRANSPARENT

Accountability and transparency is essentially embedding all the topics. The essence of sustainability is through compliance with corporate governing principles. The mismanagement of risk in return creates another risk for the provider of funds. The recipients of project funding are also in danger for the long run. When accountability and transparency is lacking, this whole process is affected negatively. This perspective should be included in the whole process.

TOPIC 2: PROTECTING OUR ASSETS

This area in particular was labeled as one that requires cooperation among banks in order to succeed in reaching this goal. Therefore, when forming a working group as such, issues such as this topic may be moved up in the agenda in order to make the best out of representatives coming together in one platform. It is important to move beyond the inhouse environmental impacts, namely indirect social and environmental effects arising out of loans must be addressed (direct impact of clients).

TOPIC 3: RESPONSIBLE FINANCIAL SERVICES

The topic of responsible finance should be kept in mind as the participants noted that they are corporations that provide financial services. The weakest aspect of Turkish banks is also noted to be financial services. While participants noted that it is open to debate as to how sustainable they have made our action area, that they should also bear in mind the financial services issue. In the future, the participants may collaborate in sharing their efforts in environmental social risk management and financial services.

The work stream works as an information and experience sharing and advocacy platform.

CORPORATE GOVERNANCE ASSOCIATION OF TURKEY

The association is a non-profit organization whose mission is; Leading, guiding and supporting the adoption and implementation of corporate governance principles in Turkey and the Region.

The Association plays an active role in improvement of Corporate Governance standards in Turkey and the region.

ARGE Partners, Mr. Erkin Erimez and Mr. Baris Dincer have been board members in the association.

Academic Platform;

Mr. Erkin Erimez is the head of Academic Platform of the Association.

The main purpose of the platform is; to bring all academicians and researchers, who work on corporate governance in Turkey for creating an information sharing and discussion body. A consolidated data base of corporate governance would be formed to support the researches on this field.

Formation of a digital library, containing all publications on corporate governance, has been started and the project will be completed in 2014.

A research on “How Corporate Governance has been perceived in Turkey” has been started at the last quarter of 2013. The report will be issued in 2014. The main aim of the study is to

understand how corporate governance has been perceived. The findings will be used to fine tune the strategy of the Association in supporting the improvement of corporate governance practices in Turkey. The research could be used as a database for further researches on this field.

International Relations;

Mr. Dincer is responsible from relations with international organizations, like OECD, IFC, in the Association's board.

An OECD meeting on State Owned Enterprises has been organized in July 2013 in Istanbul Turkey by the Association and OECD.

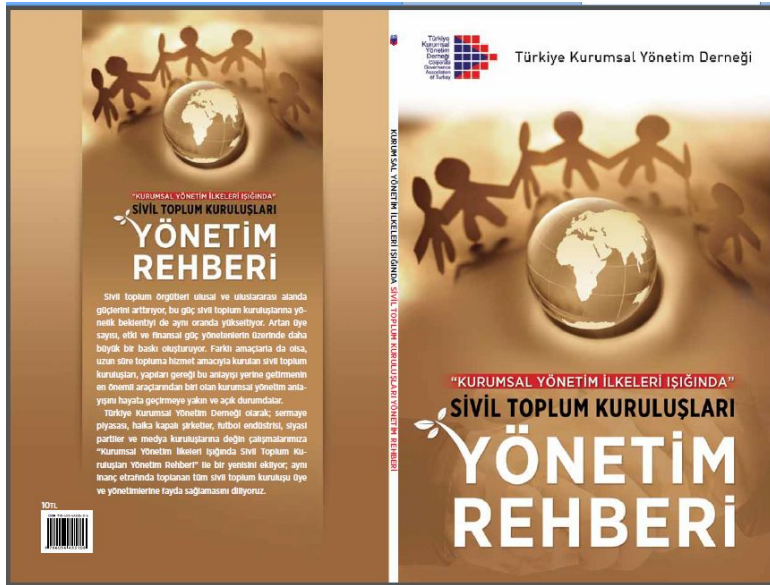
Capital Markets Board Work Stream;

Mr. Erimez is a member of this work stream. The group reviews the Capital Markets Boards Regulation before they are issued and gives advices to improve the effectiveness of regulations based on corporate governance and business perspectives.

Corporate Governance in NGOs Work Stream

The Association formed this work stream to prepare a guide for NGOs when they manage their organizations. ARGE Partner Ms. Pinar Ilgaz has been a member of the work stream.

The work stream issued a guide and Ms. Ilgaz has made important contribution to the end product.



MANAGEMENT CONSULTANTS ASSOCIATION

YDD is a non-profit organization which was founded in 1991 by management consultants, in order to promote the management consulting profession in Turkey, bring management consultants under the umbrella of a single professional organization, develop standards and norms of the profession, act as an intermediary for various government agencies and departments and establish local and international contacts with other related institutions and associations. YDD is the representative body of management consultants and consulting companies in Turkey. Today YDD's members are 280, highly skilled and experienced consultants, especially in the fields of designing, developing, managing, evaluating and implementing projects and programmes and designing and disseminating various training programmes. All members are university or higher level graduates.

In 2012, Pinar Ilgaz - partner of ARGE – selected as board member of Management Consultants Association. She is Vice Chairman and leading communication and award committees.

As a committee leader, working on corporate identity, web issues and designing the award criteria and process, leading the implementation.

MEETING AND LECTURES BY ARGE PARTNERS

Dr. Yılmaz Argüden attended and gave lectures in 2013 as follows:

- ✓ TKYD Conference, January 2013
- ✓ Un Global Compact CEO Survey, January 2014
- ✓ German Marshall Fund, Istanbul March 2013
- ✓ Koç University, Advisory Council March 2013
- ✓ Global Compact Netherlands Banking Sector Benchmarking, Amsterdam March 2013
- ✓ Corporate Volunteers Association, April 2013
- ✓ BIAC – OECD, Paris April 2013
- ✓ Global Compact ANLF, Geneva, April 2013
- ✓ Global Leader for Tomorrow, Hosted Istanbul Meeting, May 2013
- ✓ BIAC – OECD – Paris, May 2013
- ✓ BIAC Public Governance meeting, Stockholm, June 2013
- ✓ NGO Governance, İzmir, July 2013
- ✓ UN Global Compact, Inaugural Meeting of LNAG, Istanbul August 2013
- ✓ TIM Akademi, September 2013
- ✓ UNGC Leaders Summit, New York, September 2013
- ✓ Sustainable Business Summit, Istanbul October 2013
- ✓ Turkish- Canadian Business Council, Toronto, October 2013
- ✓ TUSIAD - US, Washington DC, October 2013
- ✓ İzmir Economics Conference, October 2013
- ✓ Saudi corporate Directors Conference, Keynote, November 2013
- ✓ Caring for Climate Conference, Warsaw, November 2013
- ✓ TIM Academy, November 2013
- ✓ In addition in 2013, Dr. Argüden also served as,
 - UN Global Compact Local Networks Advisory Group Member representing Eastern European countries

Mr Erimez attended and made speeches and lectures in 2013

- ✓ Odessa Corporate Secretary – IFC – Odessa - May 2013
- ✓ ABI Trust Uganda – TKYD/IFC – Istanbul - September 2013
- ✓ Board's role on strategy making – TKYD- Istanbul - October 2013

Ms Ilgaz attended and made a speech in 2013

- ✓ Human Resource Summit – İzmir – May 2013



Business for Peace Launch



Mr Argüden and Georgg Kell



Leaders Summit



Sustainable Supply Chain



Local Networks Meeting



PUBLICATIONS;



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

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

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

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

This book elaborates the keys to good governance. What is interesting is that these principles, despite different forms of application, are common regardless of the size, complexity, and jurisdiction of an organization. Furthermore, it requires an understanding of “regarding the others, as you regard yourself” to become prevalent. This understanding transcends the individual's interests and requires considering not only interests of others that we share our planet with,

but also interests of future generations. Good governance is the key to effective utilization of our limited resources and not only improves the quality of life, but also ensures sustainability of life on our planet.

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

In the new millennium, societies demonstrate and experience highly creative and efficient forms of governance and they learn lessons from them. In this context, a new type of

citizenship consciousness emerges. This new citizenship consciousness symbolizes a new identity that acknowledges its own problems, demands higher standards but at the same time plays an active role in the formation and realization of these standards, that creates solutions from within and that forms the necessary structures for this purpose: in short, this new identity has a determination to shape its own future.

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

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

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

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

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

“Keys to Governance” 2011

“Boardroom Secrets” 2009

“Benchmarking” 2009

“Data Mining” 2008

“ARGE Corporate Governance Model” 2007

“Management of Voluntary Organisations” 2006

“Intellectual Capital” 2005

“Change Management” 2004

“Strategic View” 2003

“Reputation Management” 2003

“Corporate Social Responsibility” 2002

“Value Management” 2001

“Balanced Scorecard” 2000



HUMAN RESOURCE AND HEALTH AND SAFETY

ARGE's policy is 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.

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.

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 fulfils its legal requirements on health and safety issues.

NATURAL RESOURCE USAGE

ARGE is trying to minimize its natural resource usage in the organization.

ARGE moved to a new building in 2013. This building has been rebuilt according sustainable building concept to minimize energy consumption. Water efficiency is also a concern in rebuilding process.

A video conference facilities has been installed to minimize the travelling requirements and make online meetings with customers.

However it is not easy to reach an optimum level of resource consumption due to needs and expectations of customers.

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Please contact to;

Ms Pınar Ilgaz pilgaz@arge.com

Mr. Erkin Erimez eerimez@arge.com

