



# **ARGE CONSULTING COMMUNICATION ON PROGRESS REPORT**

2015 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's main mission is improving management quality in the business, public sector, and NGOs. ARGE believes that society's well-being can be increased only if management quality of private sector, government, 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 increasing the awareness level in the community and helping improve the quality of life.

In 2015, we have made significant contributions on a global scale: (1) as the elected chair of UN Global Compact Local Networks Advisory Group, we have served on the board of the UN Global Compact at a critical year of leadership change and served on the Nomination Committee for the new executive director of the UN Global Compact. (2) ARGE also has been selected as a Knowledge Partner by the B20 Turkish Executive Committee for "Governance and Sustainability", the only local company to serve as a Knowledge Partner in the history of B20. Through this role, we have been able to incorporate promotion of the UN Global Compact and Integrated Reporting among G20 recommendations under the Turkish presidency of G20 at the 2015 Summit. (3) We have made contributions to OECD's renewed Corporate Governance Principles. (4) ARGE has also founded, sponsored, and supported Argüden Governance Academy, a non-profit initiative operating under the aegis of Bogazici University, dedicated to improving governance quality in public, non-profit, private, and international organizations to create sustainable value for institutions and society. We have made a commitment to mobilize more than 1m USD for the SDGs #16 & #17. (5) We have also been active in at IFC's Corporate Governance Advisory Group, and (6) Represented the business world on public governance matters at the OECD to improve the quality of governance throughout the world, as the vice-chair of BIAC Governance Committee.

ARGE has also continued her voluntary activities locally, 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; writing and sharing articles to introduce new management ideas and concepts to our society. Also in 2015, we continued to lead the Global Compact activities in the country by assuming the role of Chairman of Global Compact Türkiye. Since our aim is to increase the impact of voluntary activities, and feeling great responsibility by being the Chairman of the Local Network, we have been trying to increase the number of signatories and the effectiveness of the Network. The Sectorial Approach, as well as the Leveraging Natural Incentives/Allies Strategy which was developed by ARGE Consulting and implemented by the Turkish Network, has been defined as an important milestone in Global Compact activities. Global Compact Türkiye has conducted a study to determine Turkish priorities for the UN Sustainable Development Goals and Türkiye has become one of the top four countries in terms of WEPs signatories.

ARGE partners have assumed leadership roles in different NGOs and they spend at least one day of the week for such activities. Two of our partners served on the Board of OSGD, another one served on the board of UN SDSN Türkiye Network, and yet another was the Chairman of Middle East Quality Association.

Dr.Yılmaz Argüden  
Chairman



## THE REPORTING PRINCIPLES

We try to improve and share knowledge about good governance with the society by our volunteer activities. With this report, we share our corporate social responsibility activities for the period of the year 2015. 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, 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

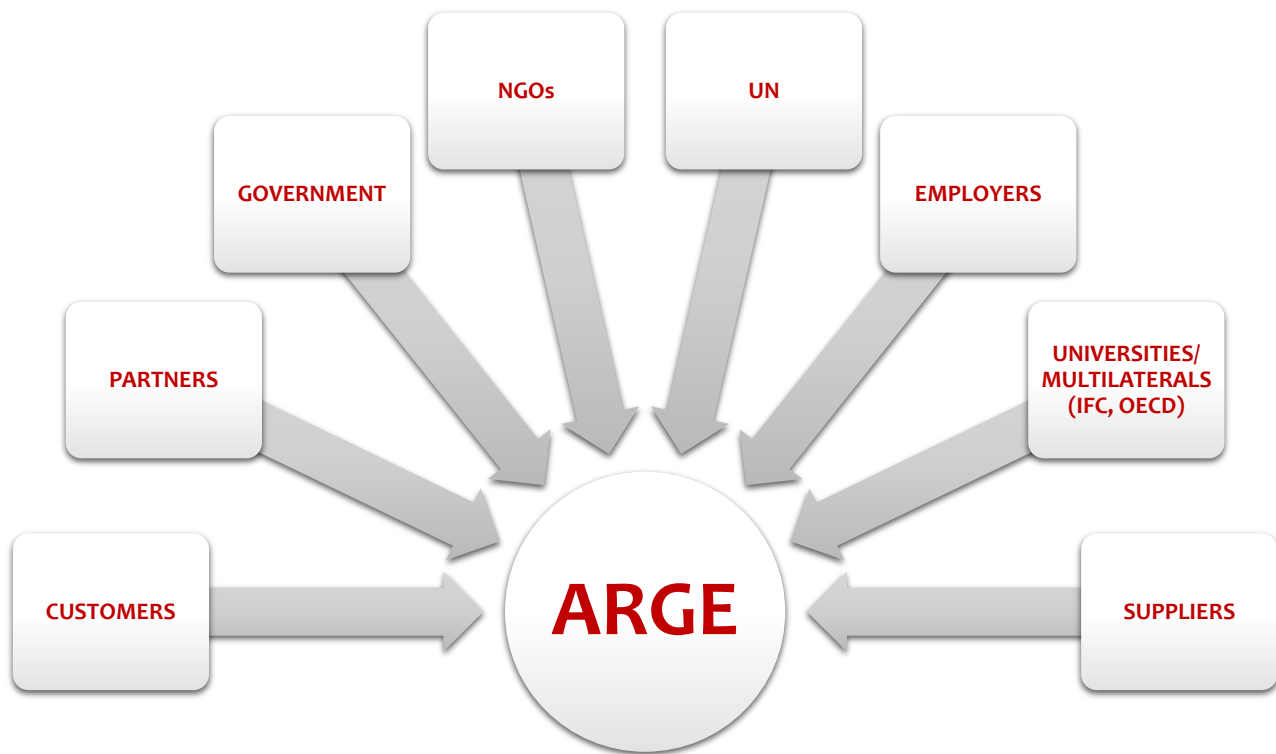
ARGE, has signed the UN Global Compact in 2002 as the first Turkish signatory, becoming a role model for the Turkish business world and has declared to apply the 10 principles concerning human rights, labor, environmental, and anti-corruption. This report also has the feature of Communication on Progress.

## 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 consulting company. ARGE creates its impact through projects with clients, its voluntary activities in national and international NGOs, and through its policy recommendations for the government.

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 establishing, leading and

improving governance structures of NGOs, and collaborates with the universities to share its knowhow.

ARGE's Chairman served as the chair of Global Compact Local Network in Türkiye, as well as the chair of LNAG and board member of UNGC. ARGE has worked with numerous UN agencies such as UNIDO, UNDP, UN Women in awareness raising activities.

ARGE has expertise on corporate governance issues and share this expertise with IFC & OECD.

## MATERIAL ISSUES FOR ARGE CONSULTING

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

Based on these experiences, material issues for ARGE are;

MATERIAL FOR STAKEHOLDERS	HIGH			<b>VALUE CREATION FOR CUSTOMERS</b>  <b>VALUE CREATION FOR THE SOCIETY</b>  <b>SELF DEVELOPMENT AND FOLLOWING THE AGENDA</b>  <b>HUMAN RIGHTS AND SAFETY</b>
	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, Türkiye is not only experiencing the highest GNP growth rates among OECD countries, but is also realizing the benefits of her privileged ties to European, Middle Eastern, and Central Asian countries.
- 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, and good governance.
- 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 are asked to report once every two weeks on how they allocated their time. 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 up to 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, automotive, FMCG, manufacturing, distribution, and construction** is a fundamental strength of the company. **ARGE** also has a network of collaboration arrangements with organizations and affiliates in Türkiye, 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.

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



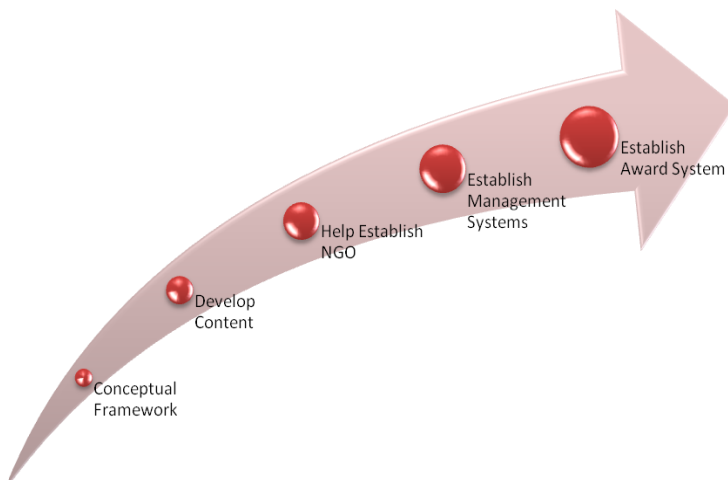
1. **Bringing Management Quality to Türkiye;** ARGE has been instrumental in initiating the National Quality Movement and preparing its clients' management systems that led Turkish companies to consistently be among the top two European Quality Award winners (EFQM)
2. **Promoting Corporate Volunteerism in the Business World:** 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

ARGE has also been instrumental in encouraging major firms operating in Türkiye to improve their own volunteer efforts by helping establish the Corporate Volunteers Association (OSGD-CVA) 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 served as the Chairman of Global Compact Türkiye, as well as the Global Chair of Local Networks Advisory Group and as a member of the UNGC Board. ARGE has developed an innovative Sectorial Approach and Leveraging Natural Incentives/Allies Strategy to increase the number of signatories of the UNGC Local Network.
4. **Developing a world class Corporate Governance methodology:** ARGE values the sustainability of institutions highly and helps them with their governance implementations. We have developed a methodology to measure effectiveness of corporate governance and conducted numerous board self-evaluation studies. Our article “Responsible Boards for a Sustainable Future” was published by the IFC. Also, our Chairman has served a member of IFC’s Private Sector Advisory Group and as BIAC’s Governance Vice Chair, representing the business world at the OECD.
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 Türkiye, run by SEDEFED and REF. The award has become a regular event at the annual Competitiveness Congresses which have been supported by ARGE partners since its initiation. This award will be highly instrumental in encouraging and increasing the competitiveness levels of Turkish Companies.
6. **Developing Human Resources Award** for improving management of human resources in the country: ARGE Consultants developed a sound model and selection process for the Association of Human Resources Managers, on a pro-bono basis. This award will become a critical part of the National Congress of HR Managers.

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 criterion (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, , competitiveness, human resources management, 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 40 projects in 2015 with clients who are role models in their industries.

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 2015 to improve implementation of good governance practices in business:

Project No	Sector	Project Name
1	Beverages	Board Evaluation
2	Beverages	Board Evaluation
3	Textile	Board Evaluation
4	Automotive Distributorship	Board Evaluation
5	Aviation	Board Evaluation
6	Export Development Agency	Strategy, Institutional development, Balanced Scorecard
7	Construction Materials	Conflict Resolution
8	B20 Governance and Sustainability Theme	Knowledge Partner
9		
10	Technology	Human Resources Management
11	Pharmaceutical	Institutional development
12	Software	Institutional development
13	Battery Manufacturer	Strategy Deployment
14	Insurance	Balanced Scorecard
15	Export Processing Zone Management	Corporate Governance
16	Beverages	HR - Career Planning

One of the critical projects performed by ARGE Consulting was establishing a performance system for Turkish Foreign Economic Relation Board (DEIK) project where both private sector and public representatives are part of the process. First strategy of the organization was developed then organization structure and performance system based on that strategy has been formed in the organization.

Under the Turkish presidency of G20 in 2015 where the summit has been held in Antalya, work streams like B20, C20, W20 have been formed to support the G20 policy development process. Governance and Sustainability Theme has been established by the Turkish Executive Committee of B20 and ARGE Consulting has been selected as the Knowledge Partner for this Theme due to our expertise in this subject matter.

## KNOWLEDGE PARTNERS

McKinsey&Company

BCG

accenture  
High performance. Delivered.

ATKearney

EY  
Building a better  
working world

KORN FERRY

ARGE  
Helping You Succeed

An e-survey has been conducted among B20 work stream members to understand the importance of issues from business perspective. We organized a panel discussion on June 1, 2015 in Paris OECD Headquarters during B20 second joint meeting. Panel has been moderated by Dr. Yılmaz Argüden Chairman of ARGE and panelist were John Danilovich (General Secretary of ICC), Nicholai Maslysev (OECD Head of Regulatory Division), Paul Druckman (Integrated Reporting (IIRC) CEO), Martin Raiser (World Bank Europe Representative) ve Sir Mark Moody Stuart (UN Global Compact Foundation). The importance of governance and sustainability for private and public sectors have been discussed in the first part of the panel. Some common issues related to SDGs that would be released in September 2015, have been raised by panelists. Workshop participants have shared their views regarding governance and sustainability in the second part of the workshop.



Based on the survey analysis findings and workshop held in Paris, recommendations have been prepared and presented B20 Secretariat and promotion of UN Global Compact and Integrated Reporting found their way to the final recommendations for G20.

ARGE has also served as a member of SME Task Force of B20 where the final recommendations included importance of principled business practices like UNGC and transparency by using tools like

ARGE

Integrated Reporting, and the formation of the World SME Forum was decided to deploy these ideas among the SMEs.

## 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's Chairman has established “**Argüden Governance Academy**” in 2014 with the support of ARGE Consulting. Argüden Governance Academy is a non-profit initiative dedicated to improving governance quality in public, non-profit, private, and international organizations to create sustainable value for institutions and society. The Academy operates under the aegis of Bosphorus University Foundation. In 2015 the Academy has published books, articles, and conducted a conference on “Good Governance in the Public Sector” in collaboration with the OECD and the World Bank. The Academy has also initiated a Certificate program for future leaders of the public sector, in collaboration with numerous Civil Servants' Associations and Public Institutions.

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 Türkiye. Dr Argüden was elected as the Chairman of Local Networks in UN Global Compact and served on the UN Global Compact Board, as well as on its Nomination Committee.

UN Global Compact Principles are accepted as minimum norms at ARGE. The UN Global Compact Principles compose a fundamental part of ARGE's vision, since ARGE is founded with the vision to strengthen corporate social responsibility. Beyond ARGE's alignment with the ten UN Global Compact Principles, ARGE's activities are intended to promote and develop the Corporate Social Responsibility concept and corporate governance principles in companies and NGOs, throughout Türkiye.

For this purpose, we have some keys for success;

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

ARGE supports the Turkish UN SDSN Network. One of the partners of ARGE, Dr. Erkin Erimez serves on the Board of Turkish Network. The Sustainable Development Solutions Network mobilizes scientific and technical expertise from academia, civil society, and the private sector in support of sustainable-development problem solving at local, national, and global scales. This Solutions Network accelerates joint learning and helps to overcome the compartmentalization of technical and policy work by promoting integrated approaches to the interconnected economic, social, and environmental challenges confronting the world. The SDSN works closely with United Nations agencies, multilateral financing institutions and other international organizations.

One of ARGE's major tools to promote corporate social responsibility is its partnership with several NGOs that are very effective in their areas of operation in Türkiye. As a result of its vast amount of experience in the area of management consulting, 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.

### **ARGÜDEN GOVERNANCE ACADEMY ACTIVITIES IN 2015**

Argüden Governance Academy is a non-profit initiative, established by a donation from ARGE Consulting, to help improve the quality of governance in public institutions, non-governmental organizations, and corporations to create sustainable value for the institutions and society

The Academy envisions a world where institutions and society work together to create a more sustainable and inclusive future. We bring together world-class expertise, adopt a holistic view of governance across institutions, and form partnerships to improve quality of life for current and future generations.

To achieve our mission, our programs aim to:

- Improve awareness of the role of good governance for sustainable and inclusive development by research, dissemination of successful examples and awards;
- Create a knowledge platform to enable representatives of government, civil society, and business to be informed about the recent global developments on governance through training programs, seminars, and peer to peer learning;
- Conduct research in cooperation with international organizations, universities, public agencies, and non-governmental organizations on various governance related subject areas

- Cooperate with other similar initiatives both locally and globally through joint projects to raise the understanding of the key role of good governance in improve quality of life and sustainability of the planet

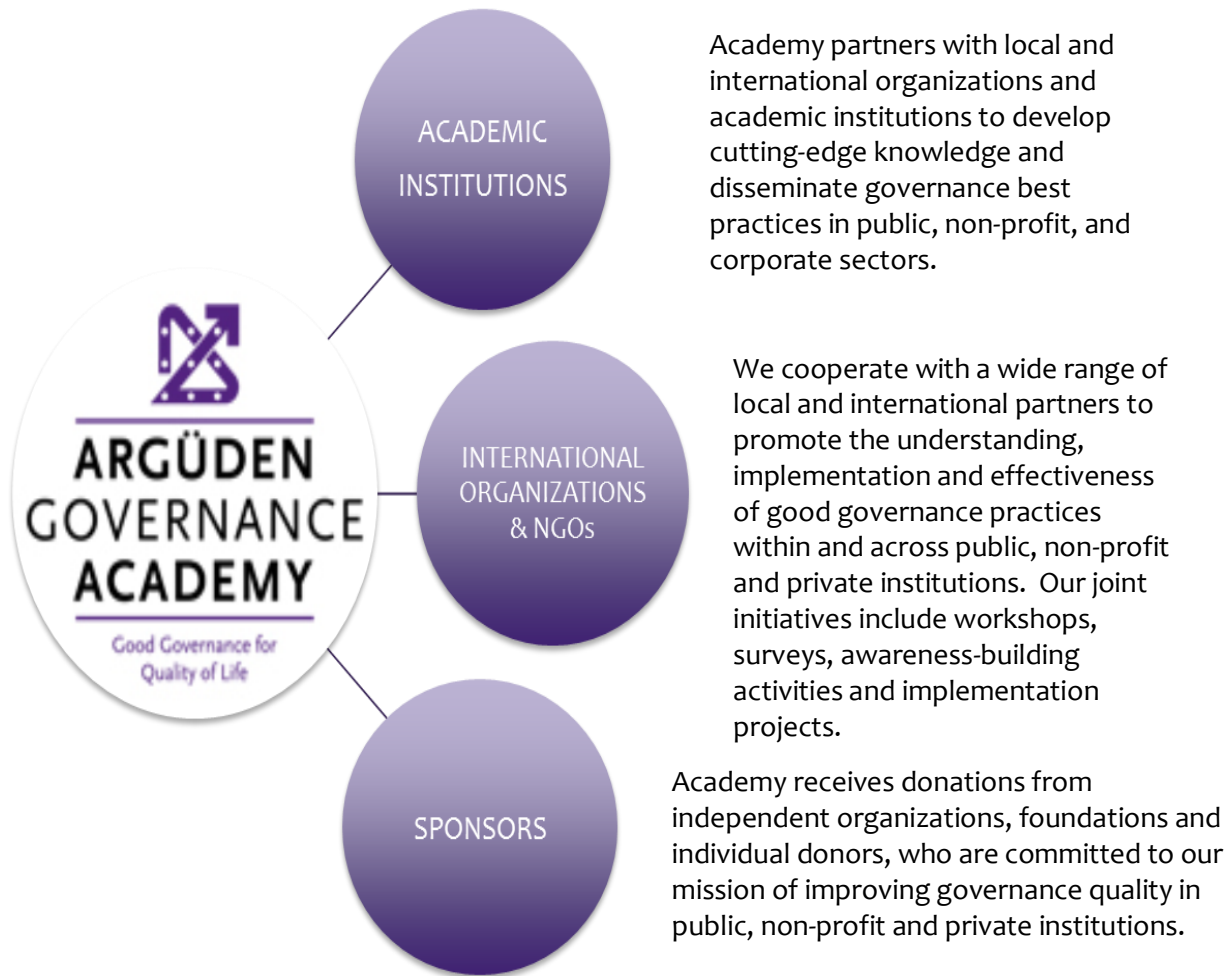
Academy focuses on three areas;

Public Governance; To improve the effectiveness of public service delivery, enhance trust in the public sector and foster civic participation in decision-making through evidence-based policy making, whole-of-government approaches and increased accountability at the local and global level

NGO Governance; To increase governance quality in the non-governmental sector and to promote its role in establishing participatory democracy for solving social, economic and environmental problems

Corporate Governance; To promote the role of the Board in managing sustainability issues and to establish social, economic and environmental sustainability as an integral part of the company's strategy for managing risk, improving performance and contributing to positive change in their communities

To achieve Academy's mission, long-term collaborative partnerships and joint-initiatives have been developed



An Advisory Council has been formed for the Academy. Advisory Council of Academy comprises well-known names on governance.

## ADVISORY COUNCIL



Dr. Yilmaz Arguden  
ARGE Consulting,  
Chairman



Sir Mark Moody-Stuart  
Global Compact Foundation,  
Chairman



Prof. Mervyn E. King  
International Integrated Reporting  
Council, Chairman



Prof. David R. Beatty  
Coalition for Good Governance,  
Founder



Sandra Guerra  
Better Governance - Brazil, Founding  
Partner



Philip Armstrong  
Global Corporate Governance Forum,  
Head



Darrell M. West  
Governance Studies,  
Vice President and Director



Daniel Kaufmann  
Natural Resource Governance  
Institute, Founder and President



Prof. Charles Wolf  
Pardew Rand Graduate School,  
Distinguished Chair in International  
Economics



Nick Malyshev  
OECD Regulatory Policy Division



Dr. Yaga Ramesh Konda Reddy  
Academy of Corporate Governance,  
Founder and President

Academy has established a donation fund under Boğaziçi University Foundation to mobilize resources for its activities to improve governance standards and supporting academic research.

Academy has performed a number of activities in 2015.

- A Public Governance training program has been developed in collaboration with Boğaziçi University Life Long Learning Center. First and second modules of trainings have been performed in Ankara to civil servants. The training program has been realized in collaboration with Civil Servants' Associations and Public Institutions.

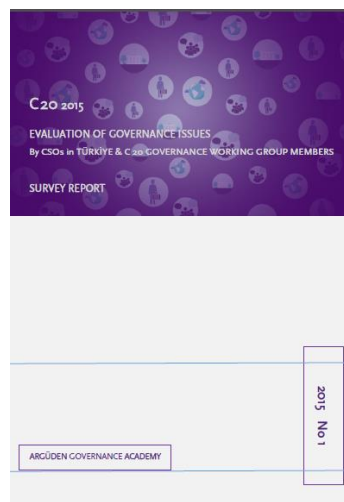
Public Governance Certificate Program	
<b>Module 1: Good Governance and Sustainability in the Public Sector</b> 1. Governance and Participatory Democracy in the Public Sector 2. Modernizing Government 3. Future Trends: Population Growth, Resource Scarcity, Climate Change 4. Economic Development 5. Sustainability and Integrated Governance 6. Increasing Trust in the Public Sector 7. Measuring Governance Quality: Governance Indicators 8. Global Governance: Issues, Approaches and Institutions	<b>Module 2: Regulatory Reform and Empirical Methods in Policy-Making</b> 1. Regulatory Reform and Whole-of-government approaches 2. Strategic Management and Planning 3. Empirical Methods in Public Policy 1: Decision Theory and Analysis 4. Empirical Methods in Public Policy 2: Regulatory Impact Analysis 5. Empirical Methods in Public Policy 3: Social Network Analysis 6. Simplification, Participation 7. Managing Capacity and Administrative Burden 8. Effective Implementation of Public Policy
<b>Module 3: Participatory Democracy and Open Government</b> 1. Evolution of democracy: Participatory Democracy 2. Stakeholders and Collaborative Problem-Solving – Implementation Cycle 3. Increasing Citizen Participation and Communication 4. Role of Local Governments in Increasing Citizen Participation 5. Transparency and Ethics in the Public Sector 6. Tools for Good Governance in Participatory Democracy 1: Development Maps 7. Tools for Good Governance in Participatory Democracy 2: Spending Analysis 8. Tools for Good Governance in Participatory Democracy 3: Citizen Satisfaction Surveys	<b>Module 4: Effectiveness and Innovation in Public Service Delivery</b> 1. Effective Problem Solving and Implementation in the Public Sector 2. Effective Problem Solving and Implementation 1: Private Sector and NGO Partnerships 3. Effective Problem Solving and Implementation 2: Developing Local Governments 4. Effective Problem Solving and Implementation 3: Performance Management and Learning Culture 5. Innovation in Public Service Delivery 6. Innovation in Public Service Delivery 1: e-government 7. Innovation in Public Service Delivery 2: Social Entrepreneurship 8. Innovation in Public Service Delivery 3: Behavioral Economics and Nudge



- A conference of “Good Governance in Public Sector” has been organized in Ankara with participation of Nick Malyshev who is the Head of OECD Regulatory Policy Division. The Academy publication “Good Governance in Public Sector” has been publicized in the event.



- IRI and the Academy was organized a round table meeting in Istanbul in September 2015 on "Good Governance in Türkiye and the World" to discuss the best public governance practices both in Türkiye and the World.
- Argüden Governance Academy was prepared an articles to be published in the official publication of the G20 Research Group of the Munk School of Global Affairs, University of Toronto, “G20 Türkiye: The Antalya Summit 2015.”



- Academy has been a member of C20 work stream where conducted a research on comparison on prioritization of issues by C20 and by Turkish Civil Society organizations and prepared a report.
- Academy organized a panel in C20 Summit on “The Role of Civil Society Organization in implementation of Sustainable Development Goals (SDGs)”.





- Academy was one the 25 organization who contributed Revised OECD Corporate Governance Principles consultations.
- Academic Board Member Dr. Erkin Erimez moderated a panel discussion on “The Role of Internal Audit Function in Ensuring Corporate Sustainability” in 19th International Turkish Internal Audit Conference.



- Dr. Yılmaz Argüden gave a speech in 3rd National Family Business Summit on the responsibilities of family businesses towards the environment, society and future generations.
- Academy started to give trainings on “Gender Equality”.



- Academic Board Member of the Academy Dr. Erkin Erimez who is a board member in UN SDSN Türkiye also was one of the panelists in **The Role of G20 in Implementation of SDGs** panel under **SDSN20 Conference** which was held in November 2015 in Istanbul.



- The Academy committed to mobilize more than \$1 million to support Sustainable Development Goals #16 & #17.



- Garanti Bankası made a donation to Academy. The donation will be utilized in three years in instalments.
- Academy, TKYD and KOBİRATE started a Project to evaluate governance practices in NGOs.





## UN GLOBAL COMPACT ACTIVITIES IN 2015

- Dr Yılmaz Argüden as the elected chair of UN Global Compact Local Networks Advisory Group, we have served on the board of the UN Global Compact
- Dr Yılmaz Argüden participated “**Ring the Bell for Gender Equality**” event in Borsa İstanbul on March 6, 2015.



- UNGC General Assembly was realized on March 23, 2015. Dr Yılmaz Argüden gave a speech on activities which were; Post 2015 Development Agenda, B4P, WEPs, FABs, B4RoI, as well as the Sectoral Deployment Strategy and Mobilizing Natural Incentives/Allies Strategy developed by ARGE for the Turkish Network.



- BUSIAD (Bursa Industry and Businessman Association) was organized a conference with Global Compact Türkiye to inform its members regarding UNGC activities on April 7, 2015.



- Global Compact Türkiye and IMSAD (Construction Materials Producers Association) organized a workshop on April 30, 2015 with the participation of Dr. Yılmaz Argüden. The relation between 10 principles of Global Compact and making world a better place to live has been discussed in the workshop.



- 3rd Sustainable Finance Forum has been organized in collaboration with Turkish Business Counsel for Sustainable Development Association and UNEP FI on May 5, 2015 in Boğaziçi University. Dr. Yılmaz Argüden had made opening remarks.





Global Compact Türkiye Banking work stream organized a visit to France in collaboration with French Development Agency and UNGC France network. Turkish banks Garanti Bankası, Odeobank, TEB, TSKB, İş Bankası, Türkiye Kalkınma Bankası, Yapı ve Kredi Bankası and Ziraat Bankası participated the organizations. The banks' representatives met with French Banks' representative and discussed on sustainability practices.



- Dr. Yılmaz Argüden has addressed the importance of trust in maintaining good governance and sustainable development in his speech at the United Nations headquarters on June 25, 2015 as the Chairman of Global Compact Local Networks. He noted that “UN Global Compact has been the most prominent actor in determining the corporate sustainability agenda. Today, nearly 100 Local Networks are designing and executing innovative and inclusive approaches. However, we have long road ahead of us for overcoming the global challenges. Trust is the foundation of good governance and sustainable development. All institutions should take responsibility in employing good governance practices and forming partnerships towards a more sustainable and inclusive future”



- 15<sup>th</sup> Anniversary of Global Compact has been celebrated in UN between June 23 – 25, 2015. Dr. Yılmaz Argüden and Turkish Network members; Boyner Holding, Garanti Bankası, TİSK, TÜSİAD and Yaşar University has participated the organization.



- Dr Yılmaz Argüden had an interview with Investors Relations Professional Associations' Magazine "Hissedar" regarding activities of Global Compact Türkiye.



- UNGC, TÜSİAD and TKYD organized a seminar on October 2015 to introduce the guide for Integrated Reporting <IR>. A panel discussion was held and Dr. Yılmaz Argüden was one of the panelists. He pointed out that integrated thinking is critical to create value for all stakeholders.





## CORPORATE GOVERNANCE ASSOCIATION OF TURKEY (TKYD)

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

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

- Chairman of ARGE, Dr. Yılmaz Argüden was a panelist in 8th Corporate Governance Summit of Türkiye on January 14, 2015. “Does Respect for Human Rights Improves Corporate Governance Quality in Business” was the discussion topic.



- Dr Erkin Erimez instructed “Board Performance Evaluation” training on April 30, 2015.



- Dr. Yılmaz Argüden leads the NGO Work Stream in TKYD.
- ARGE partner Hakan Kilitçioğlu is a member of Family Business Work Stream in TKYD.

## 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 Türkiye, 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 Türkiye. 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.

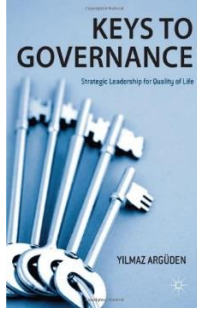
In 2012, Pinar Ilgaz - partner of ARGE – selected as board member of Management Consultants Association. She is Vice Chairman and leading communication and award committees.

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





## 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 (subsidiarity<sup>1</sup>) 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>

## RESPONSIBLE BOARDS – ACTION PLAN FOR SUSTAINABLE FUTURE – Dr. Yılmaz Argüden



A sustainable global economy is one that combines long-term profitability with ethical behavior, social justice, and environmental care. Companies can play a fundamental role in creating a sustainable future by embracing this challenge as an opportunity for innovation and long-term value creation. This paper discusses steps that companies can take to craft the sustainability vision, build sustainable boards, and integrate sustainability into the organization.

**“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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