



CORPORATE GOVERNANCE  
ASSOCIATION OF TURKEY- TKYD

Global Compact Network

# COMMUNICATION ON ENGAGEMENT (COE)

2016-2018



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

Founded in 2003, Corporate Governance Association of Turkey (TKYD) is a non-profit organization which aims to develop and promote adherence to corporate governance standards and guidelines in Turkey. With 52 corporate members and over 500 board members and senior executives under its roof, TKYD helps shape the future implementation of corporate governance practices in Turkey and the region as well of informing the public to keep abreast of changes in practices.

From publicly-held organizations to family owned companies, from the state-owned enterprises to civil society organizations and sports clubs, conformance with corporate governance principles is gaining greater importance as the primary tool and the basic principle of a fair, transparent, accountable and responsible environment for today's global business world.

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

*For further information:*

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

## Statement of Support

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

This Communication on Engagement report covers our activities between 2016-2018, which further articulate our continuous support to UN Global Compact.

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

Sincerely yours,

Betül Aygensu  
Secretary General

## **Introduction**

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

Since our previous engagement report, TKYD continued to organize international summits, seminars, trainings, working group meetings attended by considerable number of business people and professionals, as well as publishing guidelines for the practical implementation of Corporate Governance principles. TKYD also partners with universities in arranging panels to allow participants from the academic circle to contribute their experience in the Corporate Governance.

TKYD publishes several books, has a quarterly magazine and a quarterly e-bulletin.

TKYD is an ICGN Member, an executive committee member of BORGİP project, a founding member of ERTA and Borsa Istanbul Sustainability Platform.

Our working groups operate to create the content for TKYD's events/projects while also helping shape the public's opinion of TKYD. These four working groups are: Family Business Working Group, Civil Society Organizations Working Group, Capital Markets Working Group, and Board of Directors Working Group.

### **Family Business Working Group**

Family Business Working Group aims to promote and establish global corporate governance principals among Turkish family businesses to maintain a sustainable and competitive environment.

In addition to the seminars, trainings and agenda meetings, TKYD participates and supports BORGİP project of TUSIAD and TURKONFED, which aims to minimize the differences among different regions in terms of development, trough increasing cooperation among businesses.

TKYD organized an "Anatolia Meeting" in Bursa and participated EBSO chamber meeting in İzmir.

### **Civil Society Working Group**

Civil Society Working Group aims to extend corporate governance standards in NGOs and runs civil society organizations management project, which started right after the publishing of 'Governance Guide for Non-Governmental Organizations in The Light of Corporate Governance Principles' in 2014. The project aims to create a corporate government rating for non-governmental organizations as well as charitable foundations. Civil Society Organizations Working Group continues its activities by focusing on foundations and associations that hold a civil society status in Turkey. Every year around 8 NGOs are encouraged to take corporate governance rating in cooperation with KOBIRATE, the pioneers of which are awarded every year at the annual conference.

### **Capital Markets Working Group**

The main objective of TKYD's Capital Markets Working Group is to observe the developments in the capital markets in terms of corporate governance and to support the realization of best practices. Capital Markets Working Group organizes meetings, seminars and training sessions to contribute to the development of professionals. Working Group brings together regulatory institutions and active principal organizations in the market to share their experiences. TKYD continues to develop new projects and cooperation to provide awards for companies that promote corporate governance practices on the behalf of investors.

### **Board of Directors Working Group**

Board of Directors Working Group has a critical role on the implementation and the supervision of corporate governance. Thus, the Corporate Governance Association of Turkey, through the Board of Directors Working Group, contributes to that process through its activities, training programs and seminars.

To raise awareness about the position of the Board Secretary, the importance of Board Orientation, the working group published two books on the issues respectively. And began the training and activities.

As a part of '*The Board of Director Series*', Board of Directors Working Group previously published "*Independent Board Member of Salary Survey Report*" and "*BIST Board Members Study*".

## **HUMAN RIGHTS PRINCIPLES**

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

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

### **Our commitment**

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

TKYD has established its Code of Conduct in 2013 which covers the human rights principles in our own workplace. Since then, we have continued to encourage our members and stakeholders to adopt the same attitudes while promoting the Corporate Governance principles. The code of conduct can be considered a tool of corporate governance because it identifies corporate responsibilities towards stakeholders and obliges top managers to comply with certain guidelines when exercising their authority, both inside and outside the company. The Corporate Governance principles require the firms to always refer their guiding framework in their activities. By doing this, the firms may avoid any possible violations to human rights principles.

### **Current Status of Implementation**

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

Since 2015, TKYD partnered with KOBIRATE rating agency to receive its own corporate governance rating and to see its own areas of development concerning relevant policies and procedures. As of December 2017, the corporate governance rating note is 93,8, one of the highest among other NGOs taking corporate governance ratings.

TKYD guarantees its members and stakeholders uphold the same standards as TKYD's stance on human rights issues when it comes to staff, work environment, work ethics and quality of life through benefits and other employee programs through the continuing educations to its members by encouraging them to attend TKYD's working group meetings and integrating ideals under the umbrella of different seminar, panel and/or training titles. This includes a yearly International Corporate Governance Summit which has been organized since 2008 as the first international platform in Turkey on Corporate Governance.

The 11th Summit was held on January 11, 2018 in Istanbul and included more than 350 participants. TKYD also simultaneously hosted the 8th Corporate Governance Awards Ceremony during the Corporate Governance Summit.

In addition, TKYD continued to provide its regular training programs for its members and stakeholders. The participants vary from bottom to top hierarchal levels which also help improve TKYD's influence within Turkish companies. The trainings cover several critical issues including the applicable laws and codes of conduct in doing business based on Corporate Governance principles.

### **Goals**

Our goal is to continue preserving our stance against human rights abuses and raising awareness about this principle among our members, stakeholders, and the general business society in Turkey and the region.

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

## **LABOUR PRINCIPLES**

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

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

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

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

## **Our commitment**

We openly support the protection of labor rights. We are committed to ensure that we as a representative of civil society, support all our employees as respected individuals, and uphold their rights in every way. We are committed to providing our employees with an open, friendly, and non-discriminatory working environment. We are against all elements of oppression and all kinds of coercive factors for our staff. We support and develop the potential of our employees through trainings and motivational meetings.

We also support an active discussion on corporate governance principles which is related to labor right issues. Good governance systems aspire to integrate various levels of minority shareholder protections, stakeholder rights, and labor representation on the board. TKYD also supports board diversity and women empowerment at the Boards. TKYD provides a place for these discussions to occur, while always promoting the underlying values of the organization and the UNGC.

## **Current Status of Implementation**

TKYD aims to prevent all kinds of discrimination during the recruitment process and during employment. We provide equal opportunity without regard to race, skin color, gender, age, disability, nation of origin and marital status.

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

TKYD does not condone the employment of child labor. All staff is provided with employment contracts following the government legislations regarding minimum age requirement for work. TKYD activities are coherent with UNGC principles on labor in the same way they are with human rights – they are integrated into the founding principles of corporate governance that TKYD supports.

TKYD also shares the spirit of Good Corporate Governance with the academic environment and young generations by collaborating with universities. TKYD has an academic council and aims to develop mechanisms to promote dialogue tools between researchers and practitioners through its Academic Council. Our Academic Council provides scientific support and expertise on TKYD's field missions. Within the COE reporting period TKYD participated panels in several reputable universities such as Istanbul Ticaret University and Yeditepe University.

### **Goals**

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

## **ENVIRONMENT PRINCIPLES**

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

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

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

### **Our commitment**

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

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

### **Current Status of Implementation**

TKYD is fully aware of environmental considerations and works to mitigate the negative impact on the environment. TKYD itself seeks to minimize its energy consumption, uses recycled paper and other products when possible and provides for the public transportation of its staff.

Through our conferences, publications, and trainings and working group programs TKYD has promoted the sustainable business practices. As Turkey's regulations continue to improve in terms of business practice and environmental protections, TKYD is positioned to provide expert advice and training to businesses in need of harmonizing their operations. TKYD promotes corporate governance and integrated reporting standards that are more explicitly encompass the environment.

TKYD is a founding member of “**Sustainability Platform**” with other leaders of the issue

<http://www.borsaistanbul.com/kurumsal/surdurulebilirlik/surdurulebilirlik-platformu> , with the coordination of Borsa Istanbul and executive committee member of **Integrated Reporting Network of Turkey** (ERTA) <http://www.entegreraporlamatr.org/tr/>.

TKYD focused on “**Resilience**” at XI. Corporate Governance Summit in 2018 and announced the initial findings of the **corporate resilience** survey. At Corporate Governance Summit in 2018, TKYD

hosted DRI International Chair and informed the audience and public about the corporate resilience and disaster recovery.

TKYD also published several articles on the issue of sustainable business practices at Corporate Governance Magazine.

### **Goals**

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

## **ANTI-CORRUPTION PRINCIPLES**

*Principle 10:*

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

### **Our commitment**

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

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

### **Current Status of Implementation**

TKYD executes all kind of records related to financial and fiscal transactions in accordance with the relevant laws with a transparent and accountable fiscal management. At the end of every financial year TKYD shares its internal audit report, independent audit report, supervisory boards report and financial statements on the website. In addition, the annual reports are published in every year.

Corporate Governance principles remark a clear understanding of ethical behavior against the corruptions particularly through the transparency principle. As TKYD promotes corporate governance through its training programs, seminars, and working groups, it also provides executives and directors the tools to run their firms transparently, in harmonization with international accounting standards. In 2015, TKYD published its Ethics and Information Policies on its website with the approval of the General Assembly.

TKYD is also actively engaged with other companies and nongovernmental organizations in the fight against corruption. TKYD supports international organizations' activities which are organized in Turkey and related to enables greater organizational transparency and accountability like with Turkish Ethics and Reputation Society (TEID) which is named '*Strengthening Democracy through Private Sector Collective Action to Combat Corruption in Turkey*'. Main goal of this project was to build a coalition of diverse private sector stakeholders and address the supply-side of corruption through an anti-corruption collective action initiative.

TKYD will leverage its experiences as well as access to a range of training materials on anti-corruption compliance to train local partners throughout the country and establish a common platform to ensure a standardized, collective anti-corruption and business ethics compliance by Turkey's private sector with project partners.

Furthermore, TKYD's Training Programs are based on Capital Markets Board Communiqués and Laws, Corporate Governance and reporting mechanisms in Turkey. All those systems are intended to eliminate as much as possible the corruption in the companies. Some topics of the trainings which closely related to Anti-Corruption issues are: Strategic Governance and Planning, General Assembly Processes, Board Membership Training, The Turkish Commercial Law, Responsibilities of Publicly-Held Companies, etc. TKYD was a part of C20 Governance task force and supported the best practices in parallel to G20 Turkey leadership.

### **Goals**

We will organize events that aim to raise awareness on the importance of doing business with integrity in Turkey and regional countries. We will continue to provide all kinds of support to companies and NGOs at the national and international level for organizing seminars, conferences and training programs.