



ARGE CONSULTING COMMUNICATION ON PROGRESS REPORT 2018 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 2018, we have made contributions on a global scale: (1) We have been active in at IFC's Corporate Governance Advisory Group, and (2) 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 (3) Argüden Governance Academy has provided courses to public officials for capacity building in public governance issues and Academy has designed programs for 4th grade students to build capacity from grassroots of society to create awareness on good governance practices and a research report on Municipality Governance Scorecard of Istanbul District Municipalities. (4) ARGE has expertise in developing methodologies for awards mechanisms where it developed awards for TAİDER (Turkish Family Business Association) and for PERYÖN (HR Professional Association).

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 2018, we continued to contribute the Global Compact activities in the country by having a partner as a board member of Global Compact Türkiye.

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 Global Compact Türkiye Network and Corporate Governance Association of Turkey, 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 2018. 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

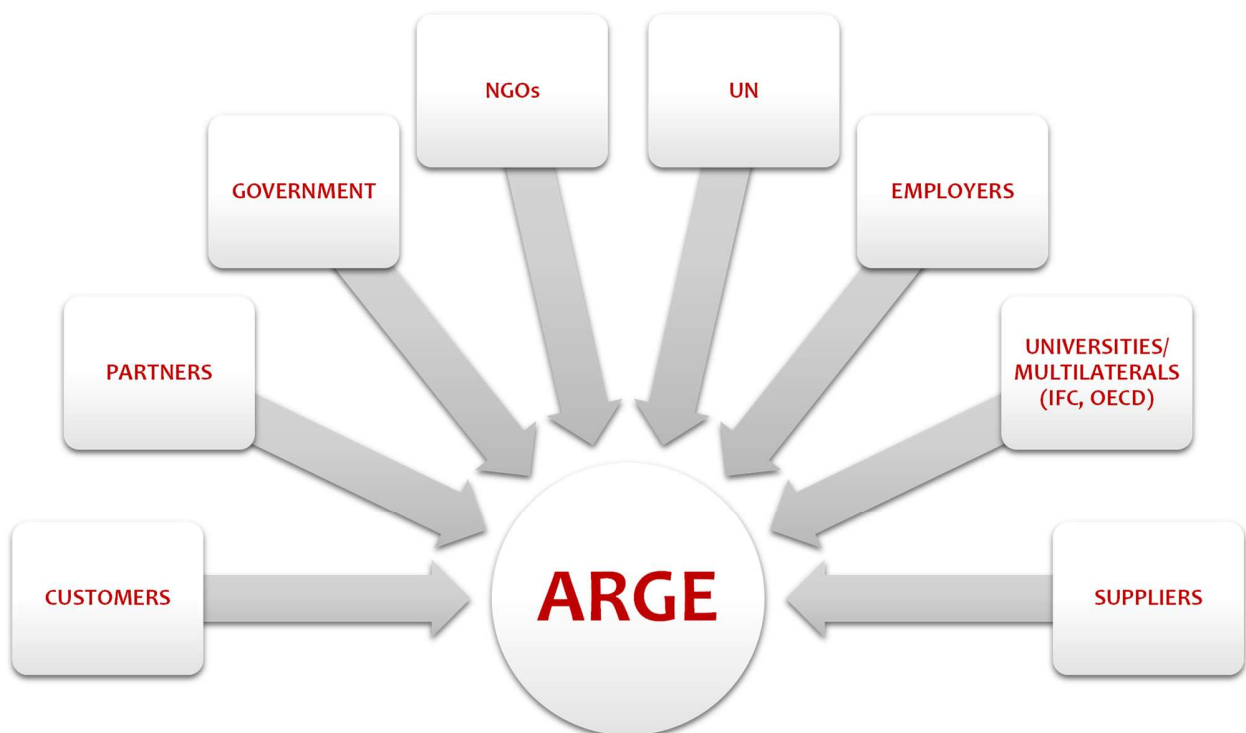
ARGE, has signed the UN Global Compact in 2002 as the first Turkish signatory, becoming a role model for the Turkish business world and has declared to apply the 10 principles concerning human rights, labor, environmental, and anti-corruption. This report also has the feature of Communication on Progress.

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 while preparing 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 know-how.

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 view 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			VALUE CREATION FOR CUSTOMERS VALUE CREATION FOR THE SOCIETY SELF DEVELOPMENT AND FOLLOWING THE AGENDA HUMAN RIGHTS AND SAFETY REPUTATION
	MEDIUM			
	LOW		NATURAL RESOURCE USAGE	
		LOW	MEDIUM	HIGH
		MATERIAL FOR ARGE		

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

ARGE CONSULTING

- 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.
- **ARGE's strives to achieve a major improvement in its clients' business outcomes.** We believe that there are four main factors that affect business results. These are the business strategy and business excellence methodologies that are necessary for effective implementation of 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.

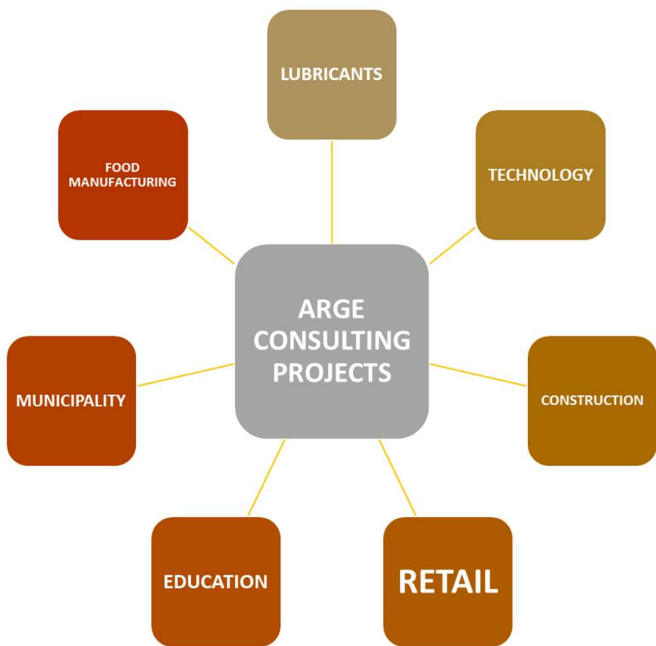
ARGE realizes that sustainable improvements can only be achieved through teamwork with clients. We believe that our clients' success will lead to a better quality of life for the community and humanity.

VALUE CREATION FOR CUSTOMERS

Business Impact

ARGE Consulting has performed more than 15 projects in 2018 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.

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 improve governance quality in public, non-profit, private, and international organizations to create sustainable value for institutions and society.

ARGE supports the **Global Compact** and integrates the 10 principles of the UN Global Compact in its operations, as the first Turkish signatory ARGE Partner Dr. Erkin Erimez is member of UN Global Compact Türkiye Board.

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.

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 2018

Argüden Governance Academy is a non-profit initiative, established by a donation from ARGE Consulting, which helps to 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. The Academy brings 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 its mission, the 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 improving quality of life and sustainability of the planet

The Academy focuses on four areas;

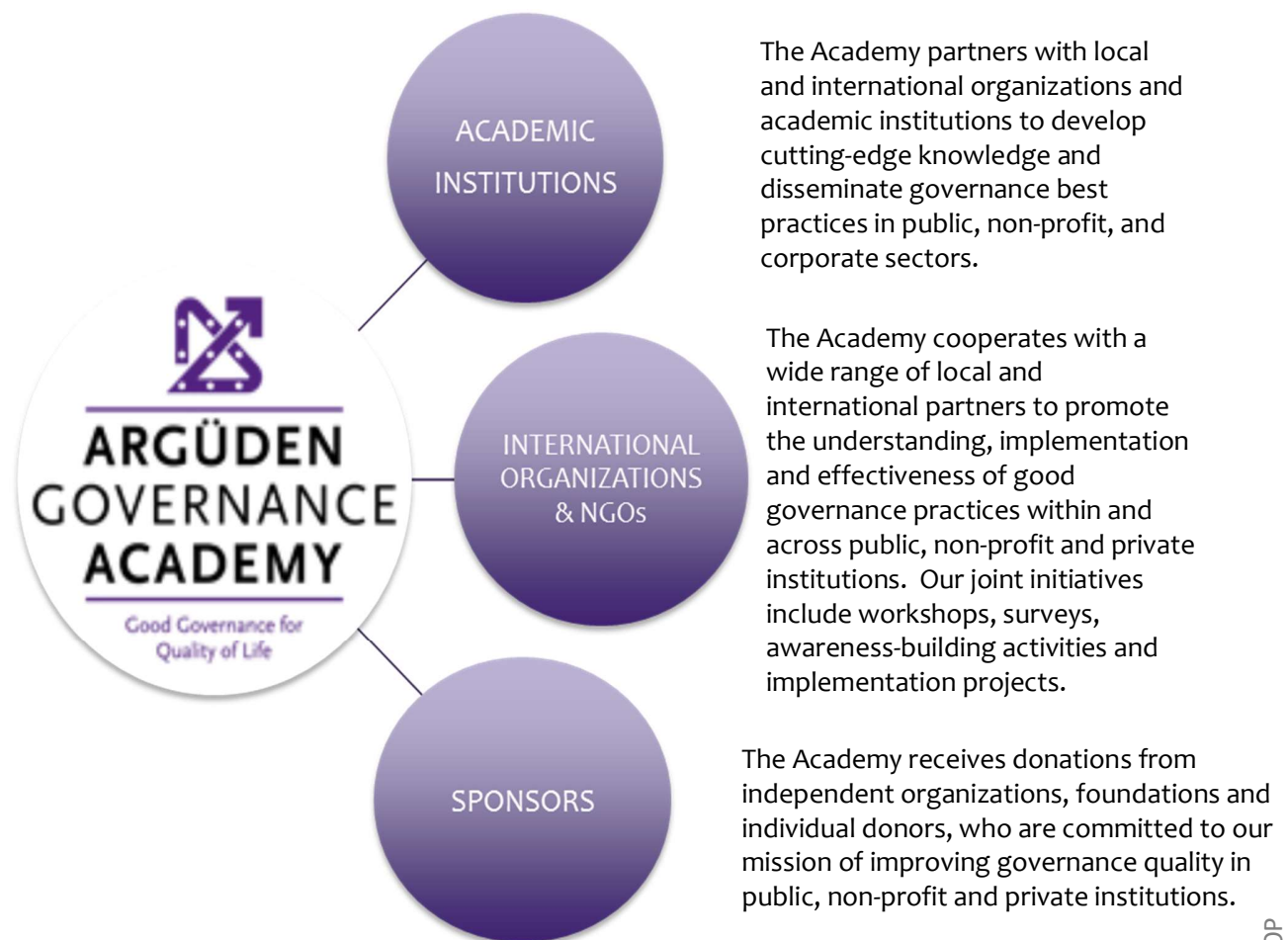
Public Governance; To improve the effectiveness of public service delivery, enhance trust in the public sector and foster civic participation in decision-making through evidence-based policy making, whole-of-government approaches and increased accountability at the local and global level

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 Boards 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

Global Governance: Enable governments, NGOs and international organizations to develop and enforce trans-national governance structures to address complex global challenges. Promote collaboration between diverse actors in markets and networks to effectively solve transnational problems.

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 the Academy comprises well-known names on governance.

ADVISORY BOARD



Dr. Yılmaz Argüden
ARGE Consulting,
Chairman



Sir Mark Moody-Stuart
Global Compact Foundation,
Chairman



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



Paul Polman
International Chamber of Commerce,
Chairman



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



Dr. Daniel Kaufmann
Natural Resource Governance
Institute, Founder and President



Prof. Gülay Barbarosoglu
Boğaziçi University,
Former Rector



Nick Malyshev
OECD Regulatory Policy Division



Philip Armstrong
Cavi, Director of Governance



Dr. Darrell M. West
Governance Studies,
Vice President and Director



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



Sandra Guerra
Better Governance - Brazil, Founding
Partner

The Academy has performed a number of activities in 2018.

- Municipality Governance Scorecard Project

Local governments offer the most comprehensive and frequent opportunities for interaction between the public authorities and the citizens. As the pace of urbanization accelerates at an unprecedented rate, the importance of local governments in our lives grows as well. It is for this reason that municipalities constitute an area where data-informed, participatory, and collaboration oriented, truly effective and efficient interactions gain greater importance. Therefore, local governments are the starting point for applying good governance for inclusive development and sustainable future. Embracing the 7 good governance principles, namely consistency, responsibility, accountability, fairness, transparency, effectiveness, and participation, reinforces social trust for local government.



Local governments succeeding in the implementation of good governance principles gain the trust of the citizens. Each local government department must take numerous decisions during the period they are mandated. For truly effective results, these decisions should be data-informed and consistent with other decisions taken by different levels and at different times to ensure coherence and alignment with stakeholder expectations. It is also important that a reasonable balance should be ensured between the results expected from a given decision on the one hand, and the resources to be utilized both for implementation and enforcement, and to redress the unfavorable repercussions on parts of the society that may be faced with negative consequences. Care taken to be inclusive and fair both in participation in decision making and in implementation reinforces the trust between citizens and the public authority.

With this project, we aimed to measure the governance climate in municipalities. By means of the approach developed, we tried to measure the level of implementation of good governance in local governments in Istanbul in line with international norms and legislation. This enabled us to provide a measurement method so that we could identify, in a data-based manner, the areas that needed improvement. Furthermore, the criteria we offer can serve as a guideline for efforts to improve good governance in municipalities. For this reason, we believe our study will be helpful at local level to raise the level and quality of good governance.

We also aim, by providing examples of good governance and indicating on solid grounds areas of improvement, to enable municipalities to learn from each other. The study is not an effort to measure the management performance of municipalities, but to identify the prevalence of good governance culture in municipalities and the ways with which it is put into practice.



Academy has been invited by Asian Public Governance Forum to share the developed methodology and findings of the project.



The 2018 United Nations' Public Service Forum took place in Marrakesh, at the Capital of the Kingdom of Morocco from 21-23 June 2018 with the theme of "Transforming Governance to Realize the Sustainable Government Goals".

We were invited to the Forum by the United Nations. Our Local Governance Researcher İnan İzci participated in the Forum on behalf of the Academy and made presentation about

localizing SDGs through local good governance and introduced our Municipality Governance Scorecard Model © for this end.



World Bank invited us to introduce our Model ©. We made a meeting at World Bank Ankara Office on October 22nd, 2018 and the officers of World Bank all around the world had online attendance to the meeting.



We introduced our Municipality Governance Scorecard Model © to the Committee of Regions, European Commission, ECAS (European Citizen Action Service), AER (Assembly of European Regions) and answered the questions about the Mode



The project findings have been shared in İstanbul, Adana, Trabzon and İzmir with local governments and Civil society to promote good governance principles in local public governance practices. Workshops have been organized to disseminate the findings.



Municipality Governance Scorecard Adana Workshop



Municipality Governance Scorecard İstanbul Workshop

- Municipality Governance Scorecard Workshop for Local Democracy

Municipalities are the main actors for local democracy and good governance culture is getting more importance in municipalities. The activity of civil society affects municipalities' decision-making processes fairness, efficiency and productivity.

From a Citizen's Perspective: Governance Scorecard of Municipalities for İstanbul Districts Model © shows new opportunities in different areas for civil society.

Municipalities Governance Scorecard attracts lots of local and international institutions like OECD, UN etc. and is submitted to the interest of NGOs' representatives.

Municipality Governance Scorecard Workshop for Local Democracy hosted representatives from various local NGOs and provide experience sharing.

Workshop was arranged within the context of European Local Democracy Week (ELDW by European Council) and hosted by the Union Of Municipalities of The Marmara Region.

Content of the Program was:

Local democracy, governance and civil society, Municipality Governance Scorecard for local democracy, examples from the world and Türkiye and workshop.



- Conference for General Counsels on Corporate Sustainability

Key Role of General Counsels for Corporate Sustainability; In collaboration with Global Compact Türkiye, we conducted the “Conference for General Counsels on Corporate Sustainability” at Galatasaray University, Istanbul. In the conference, we emphasized the crucial role of the General Counsels for the sustainability of institutions.



- Directors' Education Program For Turkish Family Business Leaders

International Finance Corporation (IFC) has partnered with Argüden Governance Academy to offer a directors' education program with a focus on corporate governance and sustainability for the Turkish private sector and the business community. The program was conducted on November 21-22, 2018 at the IFC premises in Istanbul and was attended by 30 board members and top executives of the key family companies that have an important role in the future Turkish business world.

The program was prepared in collaboration with the Academy. IFC provides governance training and advisory services for founders and owners of enterprises with high growth

potential. Besides the contributions of the Academy, the training program was enriched with IFC's 'SME Governance Methodology', the first and only tool of its kind on the market.

Dr. Yılmaz Argüden, who has served on over 50 boards in four different jurisdictions; was named one of the 100 Global Leaders for Tomorrow by the World Economic Forum and served as the global chair of UN Global Compact National Networks, started the program with the 'Effective Boards for Sustainable Success' lecture.

Prof. David R. Beatty of Toronto's Rotman School of Management provided the closing speech and offered valuable tips to business leaders regarding 'How to become an effective Chair'. Having served as the Chairman of the Board in nine publicly listed companies in addition to holding board memberships at nearly 40 companies, Prof. Beatty was previously made an Officer of the Most Excellent Order of the British Empire. Also, he has been honored with a lifetime achievement award from the International Corporate Governance Network (ICGN) this year.

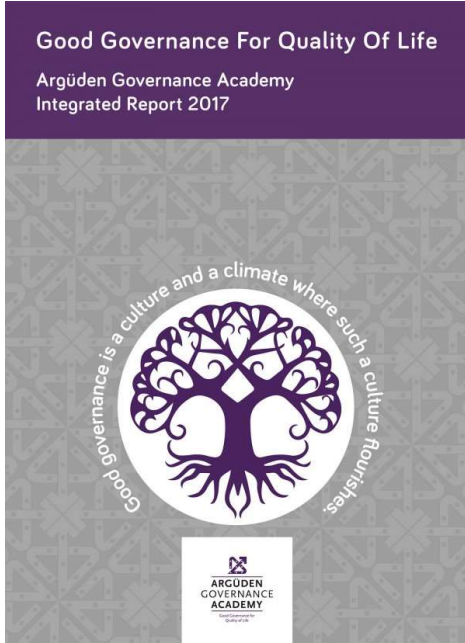
During the two-day program, IFC Corporate Governance Officer Alexey Volynets, held sessions on "transformation of strategic decision-making processes over time, becoming company of choice among highly qualified professionals, creating an effective board, corporate governance in family businesses."

Dr. Erkin Erimez, a partner of ARGE Consulting, Law Professor at Istanbul Bilgi University Veliye Yanlı, and Müjde Çetin from Argüden Governance Academy shared their knowledge about Sustainability, Integrated Thinking and Integrated Reporting.



- Academy has issued Integrated Reports for 2017

Academy was the first organization that produces Integrated Report in Turkey and one of the first 10 NGOs in the World.



- Good Governance in Public Sector Certificate Program

2nd and 3rd modules of our Good Governance in Public Sector Certificate Program was finished. The teaching staff of the Program is consisting of Boğaziçi University teaching staff at the rate of %60.



- Sustainability Governance Scorecard Project

Academy has started a new project in 2018. The Sustainability Governance Scorecard (SG Scorecard) is an impact-research conducted to help improve the state of the world by speeding up learning from peers.

The SG Scorecard is designed to be utilized as an improvement tool for better governance of sustainability issues. The SG Scorecard Model© puts the quality of governance systems, comprehensiveness of implementation, and transparency of reporting at the heart of sustainability efforts. The model assumes a governance lens to approach sustainability efforts and provides an assessment of sustainability governance reporting in 150 Global Sustainability Leaders as evidenced in their public disclosures. It is not intended to provide an assessment of the sustainability performance of the companies, but only the governance of sustainability efforts.

The assessment is focused on evaluating the transparency, quality, and comprehensiveness of decision-making processes throughout the sustainability governance cycle – with particular focus on the board’s role in providing proper guidance and oversight on sustainability issues; the implementation coverage of different geographies and dimensions of sustainability issues, and embedding responsible behavior in the organization’s processes and culture through a continuous learning loop.

The SG Scorecard identifies and highlights good examples of sustainability governance by leading companies to facilitate peer-to-peer learning and taking action on sustainability issues.

It seeks the answers to critical sustainability governance questions:

- How do the companies report their sustainability performance?
- Do they report only single year results or trends or even better targets?
- Are they disclosing policies or only the results?
- Do the policies cover all relevant dimensions?
- Has there been a stakeholder engagement process and board review for materiality?
- Is the coverage of implementation comprehensive?
- Does it cover all areas such as environment, social, anti-corruption etc., in all its operations-including emerging markets, supply chain, and throughout the product lifecycle?
- Do they publish a board skills matrix and is sustainability one of the key skills sought on their boards?
- Have they presented linkages between their risks, value creation, and SDGs?
- Are the non-financial KPIs linked to executive compensation?
- Do they incorporate SDGs into their sustainability strategy process? Which SDGs attract the attention of the leading companies? Which ones are lagging?
- Is there a continuous learning process to improve their overall governance and specifically performance with respect to the SDGs?

The model aims to evaluate the comprehensiveness of sustainability initiatives (all processes including policy, KPI and target-setting; all stakeholders including communities and the environment, all geographies in the company's jurisdiction, value chain including the supply chain and product life cycle); as well as the breadth and depth of sustainability reporting practices. Furthermore, the model provides a view on progress towards SDGs by evaluating which companies have integrated SDGs into their strategy process and which SDGs are leading vs lagging in terms of company engagement.

The project will be completed in 2019.



- Academy participated to 17th Annual Education Symposium.



- Academy believes that children must be raised as responsible individuals, embracing good governance culture in their lives, as they are the leaders of today and tomorrow. In collaboration with Corporate Volunteers Association; following an intense 2-day training with their volunteers, we conducted a 10-week activity program with 4th grade primary school students.

The root of our social life and our cultural development is derived from our family life. The communication with our parents also shapes how we become an individual. Relations between family members based on consistent, accountable, accountable, fair, transparent, effective and inclusive determine our quality of life.

We value that children, as today and future leaders, to be raised as responsible individuals who embrace good governance culture in their lives. In our project we conduct a 20-week activity program with 4th grade students in primary school to increase quality of life.

We hope that this program will guide kids, who are responsible leaders in the future, about human rights, children's rights, participation, democracy, coexistence, protection of rights, solidarity, volunteerism and social responsibility.



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



UN GLOBAL COMPACT ACTIVITIES IN 2018

- Dr Erkin Erimez has been elected as a Board Member of UN Global Compact Türkiye.
- CEO Business Roundtable on Human Rights in Business has been held on September 2018. Importance of Human Rights for Turkish Business has been discussed in the round table. Dr. Erkin Erimez has participated the workshop.



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 decision making 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.

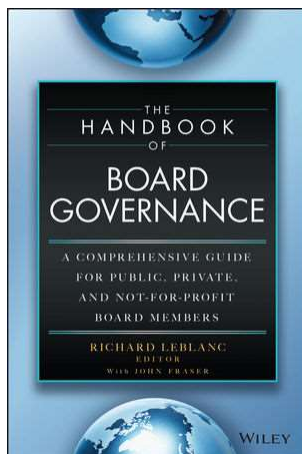
To establish these structures, consistency is necessary at a global scale. Global consistency requires a convergence on implementing common values in all aspects of life. The solution has to start at grassroots: if transformation and change can be inspired at all levels of society, the process to shape 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>



The Handbook of Board Governance

Since the adoption of Sustainable Development Goals by United Nations and the issues discussed at the Climate Summit COP 21, many countries have been committed to support these Goals. With this approach, Board of Directors need to engage in embedding these responsibilities to the corporations. In the chapter that Dr. Argüden committed for 'The Handbook of Board Governance', he shared his experiences on the Responsible Boards for a Sustainable Future. The chapter with best practices examples, insights and Sustainability Checklist for Boards to ask themselves, provides a guideline on Good Governance for all executives.

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.

“The Handbook of Board Governance” 2016

“Good Governance for Sustainable Development” 2016

“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 facility 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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