



2019-2021

Communication on Engagement (COE)

TKYD Dernek

TKYD

2019-2021



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 59 corporate members and over 500 senior executives and board members under its roof, TKYD helps shaping the future implementation of corporate governance practices in Turkey and the region as well as informing the public about the 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 the 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

As a non-profit organization aiming to promote adherence to corporate governance standards and guidelines, we are proud to commit to the principles of the UN Global Compact. We are 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 2019-2020, which further articulate our continuous support to UN Global Compact.

In our future strategies, we will continue to work on projects that would increase our impact to meet the standards of good corporate governance as well as the principles of UN Global Compact.

Sincerely yours,

Betül Aygensu
Secretary General

Responsibility and Beyond: Introduction

Responsibility and Beyond is the most recent concept of our magazine on corporate governance. We believe that, 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. The times that we are living in, has shown us that, the principles are important more than ever.

Therefore, as we continue to promote the implementation of Corporate Governance, we encourage our members and stakeholders to integrate these principles into their business activities. This is beyond responsibility, it is the way any institution should behave, in order to survive and sustain in these difficult times.

Since our previous engagement report, TKYD not only continued to organize events but also published guidelines for the practical implementation of corporate governance principles. TKYD partners with NGOs, Business Associations, universities in arranging panels to allow participants from the academic circle to contribute their experience in corporate governance.

TKYD published several books, has a quarterly magazine, a quarterly e-bulletin and even a concept-based article series on COVID-19 and corporate governance. We initiated video series, webinars and used every opportunity and tool to reach out to our members and stakeholders.

TKYD is an ICGN and SEDEFED (Federation of Sectoral Associations) member, founding member of ERTA and Borsa Istanbul Sustainability Platform.

Our working groups operate to create the content for TKYD's events and 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. Apart from these we have task forces from Public Affairs to Football Clubs, etc. which work as new issue arises to the agenda of the Association.

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.

Access to finance and agility are among the topics of the working group. We increased platforms for family business in order to exchange experiences. In cooperation with Deloitte Turkey, we organized an agenda meeting on why family businesses chose corporate governance. TKYD launched videos, which are accessible from TKYD's YouTube channel, on intrapreneurship and on generation gaps.

TKYD participates and supports project like "İşimi Yönetebiliyorum" of TURKONFED and UNDP, strengthening SMEs. TKYD intensified "Anatolia Meetings" where SMEs out of Istanbul find the chance to discuss sustaining for the future, from the perspective of corporate governance. Within the last 3

months, more than 6 cities were visited in cooperation with local Industry Associations and Exporters Unions, from Ankara, İzmir to Aydın and Denizli.

Civil Society Working Group

Corporate governance standards of NGOs are also important in order to provide the NGOs using resources for their purpose of establishment and as civil society organizations, being accountable to society and other stakeholders. TKYD civil society organizations management project, started 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. Within this project, in cooperation with Açık Açık (which is a platform for non-profit organizations), we discussed the importance of corporate governance with NGOs and held a seminar with Açık Açık on best practices.

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.

Capital Markets working group gives opinion to draft legislation and join legislation talks on new practices.

In association with Institutional Investors Association, TKYD signed an MoU on promoting responsible investment among institutional investors, the launch of which was made with a bell ceremony at Borsa İstanbul.

The group, worked on stock options and produced informative video on the subject. The group also worked on capital adequacy and

Board of Directors Working Group

Board of directors 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.

The working group held a webinar in association with TIDE on board responsibilities from the point of internal audit. Continued trainings on raising awareness about the position of the Board Secretary, the importance of Board Orientation. Considering the difficult times that we are in; the working group is now working on a new publication discussing the importance and role of each board committee for the well-functioning of the boards.

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 Participates Global Compact Turkey working groups on the issue and informs the stakeholders about the important practices.

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 2019, the corporate governance rating note is 95,2, 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 12th Summit was held on February 21, 2019 in Istanbul and included more than 350 participants. TKYD also simultaneously hosted the 9th Corporate Governance Awards Ceremony during the Corporate Governance Summit.

TKYD continues 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 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 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 platform for these discussions, while always promoting the underlying values of the organization and the UNGC.

Current Status of Implementation

TKYD contributes to projects promoting diversity, like EBRD project on promoting gender equality at boards. Joining working groups at Global Compact on these issues, we continue our support towards increasing best practices.

For its own processes, 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. 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 accept the employment of child labor. All staff is provided with employment contracts following the government legislations regarding minimum age requirement for work.

TKYD also shares the understanding of Good Corporate Governance with the academic environment and young generations by collaborating with universities. In collaboration with “Genç Başarı – member of Junior Achievement Worldwide”, we contributed to GencBizz program which encourages high school students for entrepreneurship.

TKYD has an academic platform and aims to develop mechanisms to promote dialogue tools between researchers and practitioners. The academic platform provides scientific support and expertise on TKYD’s field missions. Within the COE reporting period TKYD participated panels in several reputable universities such as Galatasaray University.

Goals

It is our ambition to continue our adherence 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

As a part of new initiative to improve investment environment and attracting green funds, we contribute to the project of the Borsa Istanbul Sustainability platform in designing ESG principles and reporting standards for listed companies.

As a member of ICGN, we promote the establishment of a stewardship program in Turkey. In cooperation with other NGOs we work to promote responsible investments.

TKYD itself also seeks to minimize its energy consumption, TKYD Board meetings are paperless, the documents are delivered via private board portals, use recycled paper and other products when possible and provide 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](#)” of Borsa Istanbul and executive committee member of [Integrated Reporting Network of Turkey](#) (ERTA).

Goals

We will continue to promote corporate and environmental sustainability, ESG reporting, 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 against corruption and speaking out against every form of unethical behavior including the 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

Transparency and anti-corruption are indispensable working standards for TKYD. 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. Since 2018, TKYD began to issue also board productivity reports and publish it at annual report.

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. In cooperation with TEID, we initiated trainings on ethics and governance compliance and best practice sessions. 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.

TKYD's Training Programs are based on international best practices, Capital Markets Legislation, 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 continue to increase awareness on ethics and integrity in doing business as an important compliment of good governance and 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.