

2021-2023

# Communication on Engagement (COE)

## **ABOUT 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 120 corporate members and over 1000 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>*

## 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 2021-2023, 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,

Tanla YUMRUKCAL  
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 UN Global Compact (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 and 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, a quarterly e-bulletin and even a concept-based article series on COVID and corporate governance. We initiated video series and webinars, used every opportunity and tool to reach our member and stakeholders.

In 2021, we published a guideline for family businesses: "Corporate Governance for Family Businesses in Turkey: Why and How to Implement it?" In 2022, we published the guideline "The Role of Committees in the Effective Functioning of Boards of Directors." In the first half of 2023, we updated the "Guideline on the Governance of Civil Society Organizations in the Light of Corporate Governance Principles."

TKYD is an International Corporate Governance Network (ICGN) and Federation of Industrial Associations (SEDEFED) member, founding member of Integrated Reporting Network of Turkey (ERTA) and Borsa Istanbul Sustainability Platform.

TKYD has also signed a cooperation agreement with the IFC as part of G4S - Governance for Sustainability to improve ESG practices in Turkey. In this context, there was a need to bring together all the ongoing efforts in this area. Our Board of Directors decided to establish a task force. The agenda will continue to feature many issues from the European Green Deal to the European Commission's draft on sustainable corporate governance as well as our work with the IFC.

Our working groups operate to create the content for TKYD's events/projects while also helping shape the public's opinion of TKYD. These five working groups are:

Family Business Working Group, Civil Society Organizations Working Group, ESG Working Group, Capital Markets Working Group, and Board of Directors Working Group

In 2021, working groups and committees met 43 times in total. In 2021, we organized 13 webinars, 2 Anatolian seminars, and 15 online training. In 2021, we reached out to 244 participants with 15 for individuals and organizations.

In 2022, working groups met 38 times in total. In 2022, we arranged five webinars and 10 Anatolian seminars. In total, we held 14 online trainings open to general participation and four company-specific training programs, reaching out to 711 participants. TKYD and YANINDAYIZ Association jointly held a webinar on "Gender Equality in Family Businesses" on February 15, 2022.

Also, six online trainings and two webinars helped us reach 81 participants in the first half of 2023.

Apart from them we have task forces from Public Affairs to Football Clubs, etc. which works 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.

The publication "Corporate Governance for Family Businesses in Turkey: Why and How Should It Be Implemented?" guide was published in 2021, trainings, agenda meetings and webinars were organized in Anatolian provinces targeting the main shareholders of the respective province. The "You Ask, We Answer" video series was launched. The video, prepared in cooperation with the Aspen Family Business Group, focused on "Conflict Management". "Entrepreneurship and Sustainable Growth in Family Businesses" and "How to Become a Good Family Business without Losing the Family Identity? Misunderstood Truths" were organized by the Corporate Governance in Family Business Working Group.

We carried on our efforts to offer benefits with the "Corporate Governance for Family Businesses in Turkey: Why and How to Implement It" guideline published in 2021, trainings, Agenda Meetings and webinars focusing on the main shareholders of the relevant Anatolian city. We launched the "You Ask, We Answer" video series. The video, produced in collaboration with the Aspen Family Business Group, focused on "Conflict Management." Also, the Corporate Governance in Family Businesses Working Group organized the Agenda Meetings on "Entrepreneurship and Sustainable Growth in Family Businesses" and "How to Become a Good Family Business without Losing the Family Identity? False Facts."

In 2022, the Working Group held four working group meetings arranging an Agenda Meeting on "Sustainability in Family Businesses: Managing the Transition between Generations."

In 2023, the Working Group met six times online to carry out its work during the year with formed to prepare a self-assessment tool for family businesses and a self-assessment tool for corporate family businesses as well as a publication on corporate sustainability.

### **Civil Society Working Group**

Corporate governance standards of NGOs are 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.

The Civil Society Working Group continues its activities to contribute to the sustainable path of non-governmental organizations in terms of corporate organization and value creation, enhancing the management perception of their professionals, producing content and advocating opinions in terms of corporate governance, so that they have good governance codes.

### **ESG Working Group**

In 2021, our Association collaborated with the International Finance Corporation (IFC) to contribute to the improvement of environmental, social and governance (ESG) practices. Our association became one of the partners of the International Finance Corporation (IFC), which provides investment, advisory, and asset management services to promote private sector development in developing countries.

The working group held three working group meetings in 2022, and the project group, which was established for the scoring of the sustainability of SMEs, met six times during the year. Efforts throughout the year resulted in an initiative to train and score SMEs to improve their sustainability capacity. On December 13, 2022, the SMEs that applied for the project met online for the "Training and Survey Methodology Presentation". Our project participants were informed about the survey methodology by CGE Evaluation.

The scoring results of the 37 SMEs involved in this project for their sustainability efforts were revealed in the first quarter of 2023.

The working group met in two working group meetings in the first half of 2023. In line with the decisions taken at these meetings, a decision was made to conduct a "Turkey Sectoral Assessment Survey" under three different headings for companies in different categories. Activities are planned

with project groups. "Turkey ESG Awareness Survey" will be initiated in cooperation with Turkish Confederation of Employer Associations (TISK) and Istanbul Economic Research.

### **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 2021-2022, the Working Group convened with 13 meetings. The Capital Markets Working Group organized webinars on "List of Access to Inside Information" and "Turkey's Position vis-à-vis the EU Regulations on the Exercise of Shareholder Rights". These events contributed to the legislative work related to the capital markets.

The Capital Markets Working Group held the webinar "Crowdfunding as a Next Generation Financing Instrument in Turkish Capital Markets" and organized a panel on "Training and Certification of Board Members in Public Joint Stock Companies" in cooperation with Turkish Industry and Business Association (TUSİAD).

Opinions were submitted on the "Draft Communiqué on the Principles Regarding the Corporations Whose Shares will be Traded on the Venture Capital Market" and the "Revision of the OECD Corporate Governance Principles".

The Working Group met twice in the first half of 2002. It decided to establish a sub-working group on the revision of the G20/OECD Principles of Corporate Governance, which is expected to be published in the last quarter of the year. This year, the Working Group's agenda also included women's participation on boards. A sub-working group is being set up with the planning of relevant activities. The Working Group also continues to work with the Corporate Governance Assessment Report Project Group on the report.

### **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.

In 2021, the working group continued to work intensively on committees of boards of directors and company general secretaries. The working group met twice: once for the working group and once for the publication sub-working group. By the end of the year, the committees had completed their publication work and the design process started. Efforts were made for the Board's blog page design. The sub-working group submitted articles for the blog page.

In 2022, a working group met thirteen times, twelve of which were meetings of project groups formed for two separate publications.

In the first half of 2023, it met twice. The "Report on the Criteria for the Election of Boards of Directors" project group continues to work on the report.



## **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 2022, the corporate governance rating note is 96,70 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 13th Summit was held on February 24-25, 2021 in Istanbul and included more than 496 participants. TKYD also simultaneously hosted the 11th Corporate Governance Awards Ceremony during the Corporate Governance Summit in 2021.

The 14th Summit was held on May 17, 2022 in Istanbul and included more than 632 participants. TKYD also simultaneously hosted the 12th Corporate Governance Awards Ceremony during the Corporate Governance Summit in 2022. In the first half of 2023, the 13th Corporate Governance Award Ceremony was hosted within the scope of the Corporate Governance Summit.

TKYD continues its regular training programs for its members and stakeholders. The participants vary from bottom to top hierarchical 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.

The Corporate Governance Association of Turkey launched, in cooperation with MY Executive, the "Strengthening Boards of Directors Program." This project was based on the goal of strengthening boards of directors and increasing best practices in companies across Turkey. We launched the "Independent Member Placement Program" the first part of the two-stage project in the second half of 2021. We activated the first semester of the "Board Membership Mentoring and Development Program", the second part of the project, on December 15, 2021. The program aims to support and empower board members, independent directors and candidates while increasing the value they add to the institutions. It consists of four parts in total: Training, Experience Sharing Webinars, Mentor-Mentee Interviews and Board Simulation with the support of Galatasaray University.

TKYD opened the first semester of this program in the fall of 2021 and graduated 22 students.

In 2022, TKYD opened the program twice, once in the spring semester and once in the fall semester, and graduated 49 graduates at the end of the two semesters.

The program completed the spring semester in the first half of 2023, graduating 22 students.

### **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 European Bank for Reconstruction and Development (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.

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 Galatasary University.

TKYD has introduced a systematic and international dimension to all the trainings it has offered since its inception. It has created a new corporate identity and gathered them under the umbrella of TKYD Institute. We held the press launch for TKYD International Corporate Governance Institute (TKYD Institute) Press Launch in 2022.

### **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 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.

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.