

Good Governance For Quality Of Life

Argüden Governance Academy
Integrated Report 2015



**ARGÜDEN
GOVERNANCE
ACADEMY**

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ABOUT THIS REPORT

This annual report includes the activities of Argüden Governance Academy in its first full year of operation, 2015.

The report is prepared in accordance with the fundamental concepts, guiding principles, and structure of International Integrated Reporting <IR> Framework of International Integrated Reporting Council (IIRC).

Integrated Reporting helps both internal and external stakeholders comprehend the mission, vision, and strategy of the organization and improves their governance. Through Integrated Reporting, the institutions communicate with their stakeholders more **transparently**, increase the **consistency** of their activities, and by providing indicators about the **effectiveness** of their performance improve **responsible** and **fair** utilization of resources. This in turn results in better **deployment** of their strategy and improve their **accountability** towards their stakeholders.

As 2015 was the first full year of operation of the non-profit Academy, there is no comparative data from previous years on any of the items covered in this report. From 2016 on, we will include such comparisons.

We are proud to declare that the Academy is among one of the earliest non-profits in the world and the first Turkish entity to adopt the International <IR> Framework. We hope that this report will serve as an example to the NGOs, mainly the non-profits, and encourage them to experience the Integrated Reporting process.

ABOUT US

Argüden Governance Academy was founded in İstanbul Türkiye, as a non-profit initiative dedicated to help improving the quality of governance in public, non-profit, private, and international organizations.

We conduct our operations under the aegis of Boğaziçi University Foundation (BÜVAK). Boğaziçi University is a leading Turkish university that was founded in 1863 (formerly Robert College). Argüden Governance Academy Fund was established with an agreement (2014) between the Boğaziçi University Foundation and ARGE Consulting, a leading management consulting firm based in İstanbul. ARGE is focusing on improving quality of management for quality of life.

2015 represents the Academy's first full year of operation and we are reporting how we mobilize and utilize our resources to improve awareness, understanding, and implementation of good governance as an Integrated Report. Our financials and Impact Report were subject to an independent third party audit by Deloitte.

FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



Dear Stakeholder,

Good governance is definitely the key to building trust and ensure sustainability for all institutions which will at the end lead us to a better quality of life. The non-profit Argüden Governance Academy was established to support improvements in governance in public, corporate, non-governmental, and international organizations. The Academy operates under the aegis of

Boğaziçi University Foundation (BÜVAK), a leading Turkish university founded in 1863, and formerly known as the Robert College.

We conduct communication, education, and research activities in order to increase awareness regarding the significance of governance, train future leaders on how they can assist on improving governance, and promote best practices by publications, grants, and awards. We strive to become a knowledge center of excellence in good governance.

We place special emphasis on building networks with stakeholders who have similar goals. Since we believe that “governance is a climate and culture of building trust for institutions”, we emphasize working simultaneously on all domains (public, corporate, non-governmental, and international organizations) and building collaborations and partnerships for knowledge, improving access to different communities, and leveraging our resources.

The year 2015 represented the Academy’s first full year of operation. We took the path of disseminating the seven principles of good governance: Consistency, Responsibility, Accountability, Fairness, Transparency, Effectiveness, Deployment through participation (CRAFTED) to the society at all possible levels. Throughout the year, we organized education programs, conferences, research, and communication activities for public and corporate sectors, NGOs, and also global organizations.

To be able to improve our performance continuously, we measured and built a traceable database of all the inputs and outputs of our activities, including the voluntary time, monetary and in-kind contributions from all our stakeholders (which we realized to be a particularly difficult endeavor). We also put in an extra effort to collect information on monetary equivalents of such voluntary contributions (e.g. quotes from third parties) in order to better trace the economics of our activities. As a result, we were able to prepare an Impact Report based on sound data that shows how we leveraged our limited resources. We have also opened all our financial and non-financial records to an independent third party audit by Deloitte, whose report was presented to our donors in line with the transparency and accountability principles.

We strongly believe that “Integrated Reporting” is a powerful tool to improve transparency and governance in all kinds of institutions. We have demonstrated our commitment to this concept by promoting “Integrated Reporting” to become part of the C20 recommendations for G20 leaders as an invited member of the C20 Governance Working Group under the Turkish Presidency of G20 in 2015, by becoming a founding member of the “Integrated Reporting Turkish Network”, and by preparing our annual report for the first full year of our operations as an “Integrated Report”. We hope that this approach will be an example for other non-profit organizations.

We highly value and hope to benefit from the overall perspective of “Integrated Reporting” to introduce the Academy to our stakeholders and to let them interpret our activities thoroughly.

We particularly appreciate the continuous commitments of our donors, especially TIRSAN, Garanti Bank, ARGE Consulting, and numerous individual contributors enabling the Academy to pursue its mission.

We will continue our efforts to fulfill our mission for a better future.

With my best regards,

Prof. Dr. Metin akmakçı, MD.
Chairman

THE ACADEMY 2015 - AT A GLANCE

EDUCATION

PROSPECTIVE
LEADERS
13 PROGRAMS
156 HOURS
315 PARTICIPANTS

RESEARCH

THE DISSEMINATION
OF RESEARCH
7 AND BEST PRACTICES
PUBLICATIONS

COMMUNICATION

KNOWLEDGE
SHARING
IN **16**
CONFERENCES
IN **100+** COUNTRIES
CONTACTED **2.000** PEOPLE

OUR MISSION AND VISION

Our mission is to improve governance quality in public institutions, NGOs, corporations, and international organizations to create sustainable value for the institutions and society.

Our vision is to become a center of excellence in governance. We envision a world where institutions and society work **together** to create a more **sustainable** and **inclusive** future. We bring together world-class expertise, adopt a holistic view of governance across institutions, and form partnerships to improve quality of life for current and future generations.

To achieve our mission, our programs aim to:

- **Improve awareness** about 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 education 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 “CRAFTED” PRINCIPLES OF GOVERNANCE

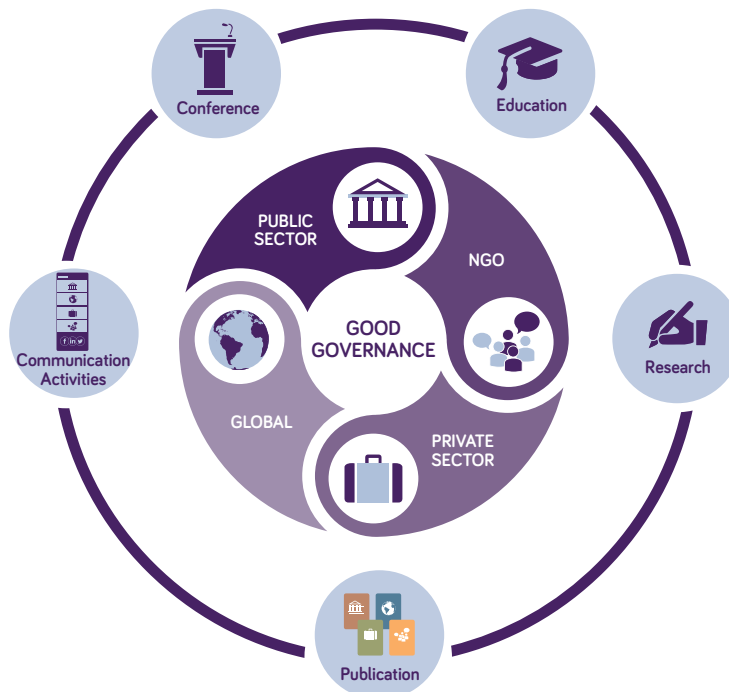


OUR BUSINESS MODEL AND OUR STRATEGY

The Academy **creates value** for the community, the public sector, the NGOs, the corporations, and the global arena by improving:

- Awareness on good governance among the **NGOs** for their capacity building, resource mobilization, and collaboration, to be better partners for the government through participative decision making processes.
- Sustainability of **corporations** by providing a climate and culture of trust through proper guidance and oversight.
- Democratic governance through evidence-based public policy making and active participation of stakeholders in public policy decision-making processes thereby improving transparency and accountability in the **public sector**.
- Collaboration opportunities between **international actors** who are specialized on good governance to inspire further research and sharing of best practices.
- Dissemination of good governance best practices at all domains of the **society** that will improve the quality of life.
- The reputation, the recognition, and the visibility of the **Academy** at both national and international level in order to increase our resources and collaboration opportunities to further the idea of good governance.

Our areas of operation are to prepare and implement education/training programs, to conduct research on governance, and to promote best practices of good governance through events and awards.



OUR INPUTS

Education:

- Syllabus
- Materials
- Lecturers
-

Research:

- Literature Search
- Survey Questions
- Experts
- Reviews
-

Communication:

- Speakers/Experts
- Presentation Materials
- Social Media Interactions
-



OUR PROCESS



OUR OUTPUTS

Education:

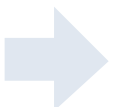
- Program Evaluations
- Number of Graduates
- Increased Governance
- Knowledge of Participants
-

Research:

- Publications
- Articles
- Survey Analysis
-

Communication:

- Increased Governance Knowledge of Participants
- # of People Reached via Social Media
- Percentage of recipients who have read the newsletter
-





**OUR
OUTCOMES**

- Improvement in Awareness Level of Our Stakeholders
- Our Recommendations for OECD Reports
- Citations
- Impact of Knowledge Partnership Relations
- An Experience Pool to Benefit on Governance
- Our Team members' studies on Governance
-

VALUES CREATED

FOR US

- Our Reputation
- Our International Visibility and Recognition
- Our Relationship Capital
- Contributions to Intellectual Capital of the Academy

FOR OUR STAKEHOLDERS

- Dissemination of Good Governance Implementations to Improve the Quality of Life
- Call for “Good Governance” at UN Headquarters
- Contributions in COP 21 Open Letter
- A Reputable Knowledge and Partnership Network to join

OUR STRUCTURE FOLLOWS OUR STRATEGY

We conduct communication, education, and research activities in order to increase awareness of the importance of governance, train future leaders on how to improve governance, and promote best practices by publications and awards.

Like the methodology of mainstreaming, we believe that good governance is “a climate” and “a culture”. We aim to disseminate the culture of good governance in all domains of society, individual or institutional. We create value in the short, medium and long run by contributing to improvement of life quality of citizens by inspiring and promoting good governance implementations (active participation, transparency, effectiveness, fairness, etc.).

We gain more knowledge, more resources, and more impact through collaborations rather than acting alone.

To perform the above functions, our **capitals** are:

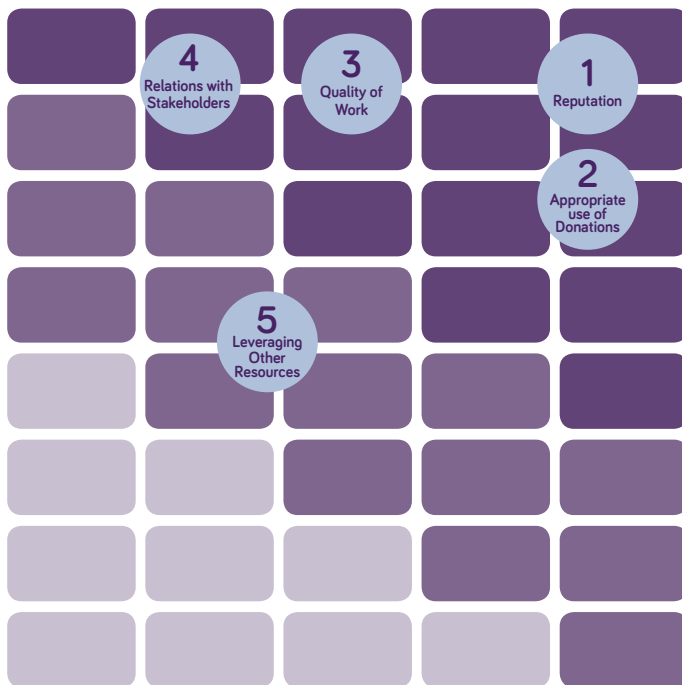
- Intellectual Capital (*Know-how, publications, etc.*)
- Financial Capital (*Donations, grants, etc.*)
- Human Capital (*Advisory Council, Board of Directors, Academic Board, Our Team and Our Volunteers*)
- Social and Relationship Capital (*Our stakeholders, collaborators, partnerships, etc.*)

DETERMINING OUR MATERIALITY

An internal process with the Academy’s Board, the Academic Board members, and the operational team of the Academy took place to discuss material issues determined with different perspectives. In the determination process, we highlighted the material issues via:

- Issues in our mission and vision which have the potential to create value.
- Issues with high effect on intellectual, financial, human, social, and relationship capital as determined by <IR> Framework.
- Competencies which are key requirements for us.

MATERIALITY MATRIX



DEFINITION

1: Reputation is required to be sustainable. Integrity, trust, and transparency to all stakeholders are the key issues to be considered by the Academy to be successful in the long-term.

2: Efficient and effective use of available resources to reach the Academy's goals and to realize vision and mission is required.

3: All the activities and research have been conducted by the Academy should have solid academic and evidence base.

4: Each stakeholder must be sure that the cooperation will create value mutually. Relationship between participants of a project will be based on fairness.

5: Effective use of stakeholders' resources in spreading good governance notion by using their time, their support, their financial resources, their means of communication, their media facilities to reach more people. This will create an important in-kind resource which will leverage the outcome.

Lower material ranking

Medium material ranking

Higher material ranking

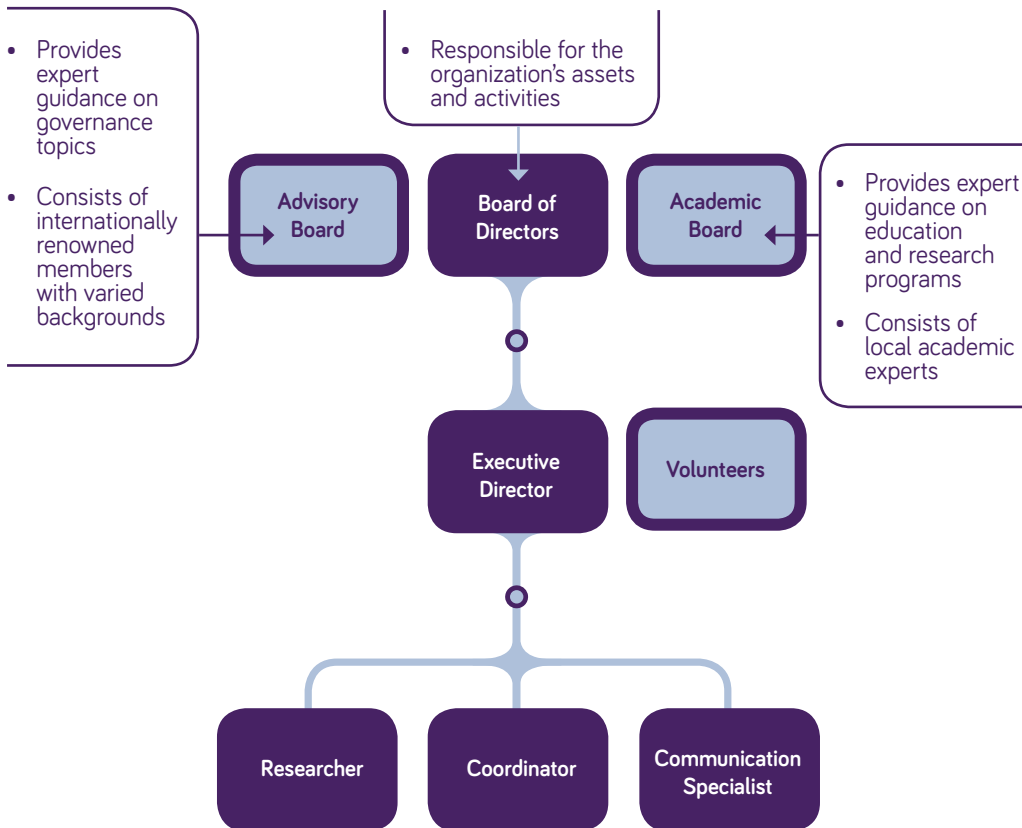
OUR PEOPLE

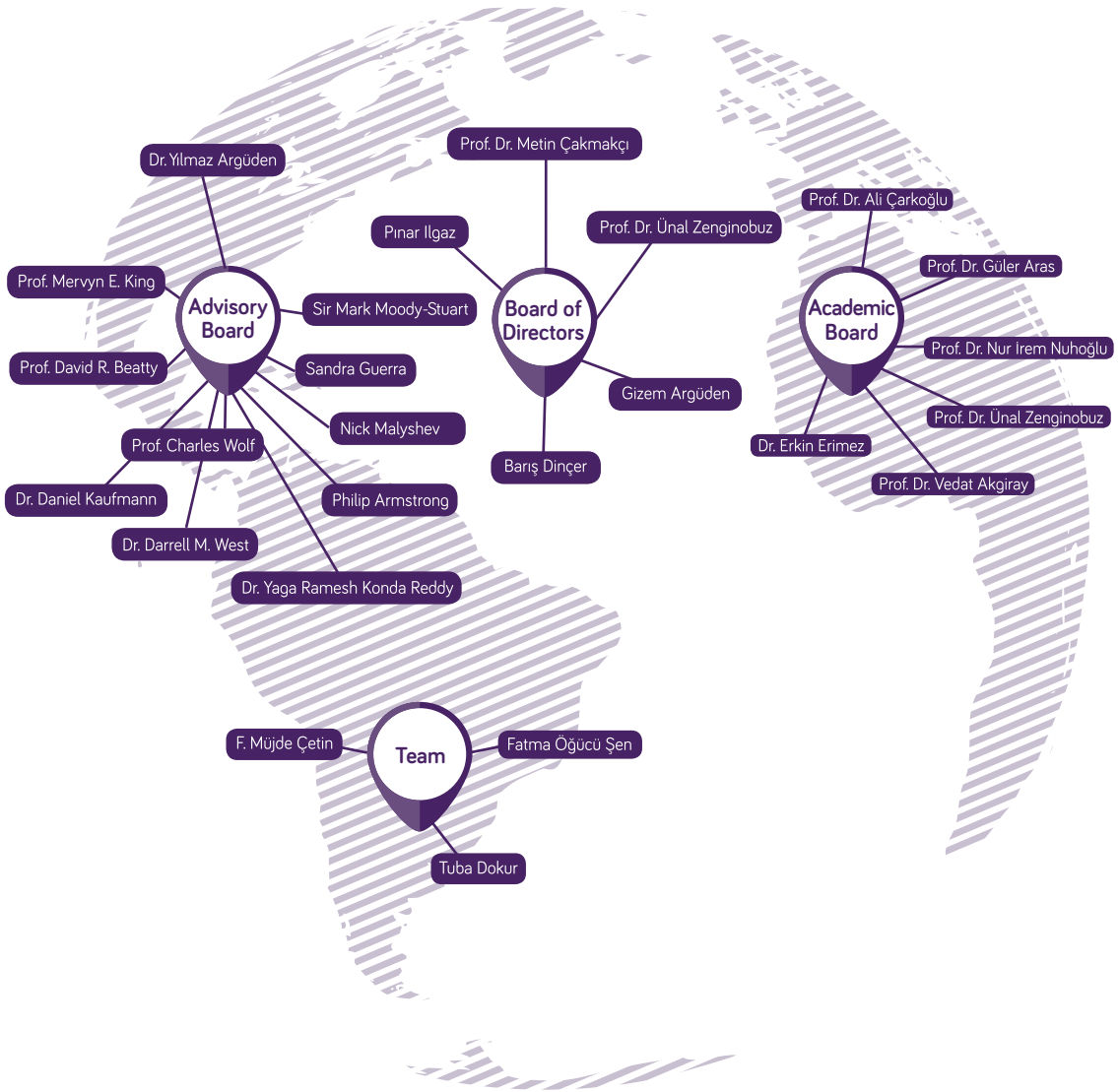
We seek diversity in our structure.

Our people are significant assets for our intellectual capital.

We are powered by our 3 independent boards which harmonize their experience and know-how, to create value for the Academy itself and for the community.

We are inspired by our outstanding **international Advisory Board** who are known as “gurus” in good governance area; guided by an **Academic Board** that consists of leading academicians from leading local universities, and lead by a **diversified Board of Directors**.





OUR ADVISORY BOARD

To contribute to the world, we need to be aware of the proceedings in the contemporary world.

We are inspired on governance topics by our international Advisory Board, composed of gurus dedicated to “good governance” with varied backgrounds.

Our Advisory Board consists of members;

- From different countries,
- Specialized on different “governance topics”,
- Working in Public, Corporate, Non-governmental, and International organizations,
- Both Academicians and Practitioners.

We aim to disseminate our Advisory Board’s contributions and published work particularly in Türkiye and in our region where the Academy is the only NGO focusing on all 4 levels of governance.



Dr. Yılmaz ARGÜDEN
ARGE Consulting,
Chairman



Sir Mark MOODY-STUART
Global Compact Foundation,
Chairman



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



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



Sandra GUERRA
Better Governance - Brazil,
Founding Partner



Philip ARMSTRONG
Global Corporate Governance
Forum, Head



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



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



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



Nick MALYSHEV
OECD Regulatory Policy
Division



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

In 2015, we were able to benefit from the feedback of the Advisory Board members on our activities and their experience on our conference on public governance (📍 P.S. Our Activities for Public Governance. Page 36). We also shared their publications on our website.

In 2016, we plan to translate some of the articles of the members and arrange a video-conference meeting with them to hear their interpretations.

OUR ACADEMIC BOARD

We are empowered by our qualified Academic Board.

Our Academic Board members are the leading professors with their various projects and articles in governance areas. Our Academic Board members who have experience in leading universities in Türkiye provide us guidance on our education and research programs.

We organized one comprehensive meeting for the Academic Board in 2015, informing them about our activities accomplished and our future strategy and role for the society. We heard their comments and inspirational recommendations to apply in 2016.

We aim to disseminate their ideas via a non-profit organization and share their published work on our reputable website, as well as helping them meet with the right audiences to share their experience.



Prof. Ali ÇARKOĞLU
Koç University



Prof. Güler ARAS
Yıldız University



Prof. Nur İrem NUHOĞLU
Boğaziçi University



Prof. Ünal ZENGİNOBUZ
Boğaziçi University



Prof. Vedat AKGİRAY
Boğaziçi University



Dr. Erkin ERİMEZ
ARGE Consulting

OUR BOARD OF DIRECTORS

We are led by independent and representative members of our Board of Directors, who directly influence and create the strategy of the Academy.

We built the mind-set and future path of the Academy with our diversified Board of Directors, jointly through 8 board meetings in 2015.



Prof. Dr. Metin ÇAKMAKÇI

Chairman (Independent member)

- An independent Chairman who is significant and beneficial for our own governance.
 - Founding Chairman of Turkish Ethics and Reputation Society.
 - Founding Board Member of Quality in Healthcare Association.
 - Chairman of Surgical Infection Society of Europe
 - Founding Chairman of Surgical Infection Association.
 - Board Member of Anadolu Medical Center.
 - A general surgeon specialized in oncology and infections, receiving his degree from Hacettepe University, holding a post-graduate degree on Healthcare Management.
-



Pınar ILGAZ

Chair Person (Representative of founding donor, ARGE Consulting)

- Managing Partner at ARGE Consulting, specialized on HR systems, organizational structuring, and Total Quality Management.
- Served as Quality Assessor and Project Manager in Corporate Social Responsibility Benchmarking of KalDer (Turkish Society for Quality)
- One of the founders of Corporate Volunteers Association.
- Served as the Vice-Chair of the Management Consultants Association.
- Co-author of ARGE Corporate Governance Model ©.



Prof. Ünal ZENGİNOBUZ

Member (Representative of Boğaziçi University)

- The Director of Institute of Graduate Studies in Social Sciences and Professor in Department of Economics in Boğaziçi University.
 - Secretary General of the Association of Southern European Economics Theorists (ASEET).
 - Specialized on public economics, industrial economics, competition policy, regulation, independent regulatory agencies.
-



Gizem ARGÜDEN

Member (Representative of founding donor family)

- Management Consultant at McKinsey & Company.
 - Specialized on the strategy, sustainability, organization and operational structure of non-profit organizations.
 - While at Wharton, wrote her thesis on ‘Cross-National Differences in Corporate Governance’.
 - Took a year of leave-of-absence to lead and coordinate the founding efforts of Argüden Governance Academy, primarily focusing on development of education and research programs, managing partnerships, and establishing the organization voluntarily.
-



Barış DİNÇER

Executive Director

- Public Sector Leader at PricewaterhouseCoopers and Executive Director at Argüden Governance Academy.
- Significant role in public sector relations in Ankara.
- A Board Member of Corporate Governance Association of Türkiye (TKYD).
- An Advisory Board Member of Corporate Social Responsibility Association of Türkiye.
- Conducted post graduate work in Public Policy at Hacettepe University and Harvard Kennedy School.
- Selected as “Rising Star of Corporate Governance” by Ira Millstein Center of Columbia University in New York.

OUR TEAM

We work with qualified and enthusiastic professionals to deliver these operations.

Our team members have multi-dimensional experience in the private sector, non-governmental, and international organizations. They have experience in governance both in the local context and the international area.

We create value for our team as much as the society. We promote their specialization related to their areas of focus by encouraging them to take more responsibility and initiative, and join training programs to improve their knowledge. We are keen on “mentoring” our team as well as training them on-the-job.



F. Müjde ÇETİN
Coordinator

F. Müjde Çetin is responsible for managerial structure, budgetary activities, donor relations, cooperation with third parties, and operation of training programs. Her international and relevant experiences make her highly appropriate for the job.

She is an accredited corporate consultant of European Bank for Reconstruction and Development (EBRD), independent reviewer of grant projects, an experienced corporate consultant, and trainer. She has worked as a General Manager in European Turkish Business Centres Network for EU and as a Coordinator in the United Nations Population Fund for UN in several regions of Türkiye, with NGOs, public, and private sector institutions.

She holds a B.A. degree in International Relations and M.A. degree in Law of Economics with a major of Labor Law with honor degree from Galatasaray University, and received a certificate of “SME Management” from Boğaziçi University.



Fatma ÖĞÜCÜ ŞEN
Researcher

Fatma Ögücü Şen is responsible for content development and research projects. In accordance with her job, she contributed to various articles in national and international citation indexed journals and presented papers in various international conferences mainly in the areas of corporate governance. Her publications in governance have cited in the various articles and she has 6.27 RG (Research Gate) Score.

Fatma, who is currently a PhD candidate in Business Administration, is writing her thesis on Corporate Governance. She holds a B.S. degree with honor scholarship in Manufacturing Systems Engineering from Sabancı University and M.A. degree in Economics and Finance from Boğaziçi University. Prior to the consulting experience, she was a research specialist in Middle East Strategic Research Center and a visiting researcher in University of Greenwich.



Tuba DOKUR
Communication Specialist

Tuba Dokur is responsible for communication activities and she supports research projects in the Academy.

She holds a B.A. degree in International Relations from Koç University and a master's degree of Business Administration from Galatasaray University. Abroad, Tuba earned a double master's degree in public diplomacy from Syracuse University, majoring in International Relations and Public Relations. Tuba has a Political Psychology certificate from the Summer Institute of the Stanford University.

OUR VOLUNTEERS

We highly value the contribution of our volunteers who are from different occupations and from different specializations. Most of them are senior people aiming to contribute to dissemination of consistency, responsibility, accountability, fairness, transparency, effectiveness, and deployment.

We aim to promote the existence of civil society and idea of volunteerism in Türkiye. To do so, we pay attention to emphasize volunteer work and calculate “the equivalent value to the value-added” which is created by our volunteers. We always recognize them in all occasions; on reports, in publications, and events.

We systematically register the volunteers’ in-kind-contributions in terms of time and value. This data was examined by Deloitte during the audit process and were justified (🌐 P.S. Audit Report. Page 50).

VOLUNTARY CONTRIBUTIONS

PROJECT	DATE	VOLUNTEER	SECTOR	ACTIVITY
Good Governance in Public - Certificate Program	2015 H1	Fikret Toksöz	PUBLIC	EDUCATION
The Academy's Website	2015 H1	Tolga Yalnız	GENERAL	COMMUNICATION
Good Governance in Public Workshop	2015 H1	Nejat Doğan	PUBLIC	COMMUNICATION
Good Governance in Public - Certificate Program	2015 H2	Prof. Dr. Ömer Dinçer	PUBLIC	EDUCATION
Participatory Democracy Empowering NGOs Project	2015 H2	Fikret Toksöz	NGO	RESEARCH
Good Governance in Local Governments- Education Program	2015 H2	Fikret Toksöz	PUBLIC	EDUCATION
Good Governance in Public- Survey Analysis	2015 H2	Prof. Dr. Ali Çarkoğlu	PUBLIC	RESEARCH

We create value for our volunteers by raising their awareness on good governance implementations, enabling them to join a reputable network, creating platforms to improve others’ knowledge, justifying their aims for their social responsibility ideas.

2015 was our first full year of operation. Therefore, we laid the groundwork for mobilizing our volunteers and utilize their contributions as much as possible. We aim to improve our performance in this area by investing more time on engaging them on more tasks in the following years.

STAKEHOLDER RELATIONSHIPS

Governance entails **all stakeholders** rather than only the policy makers. To achieve our mission, we believe in long-term collaborative partnerships and joint-initiatives.

We create value for our stakeholders by disseminating their methodology and experience, providing them the right audience (participants), raising their awareness on good governance implementations, contributing to their network, improving their visibility and recognition, enriching their knowledge and resources.

In our business model, we mainly build 3 kinds of partnerships:

Knowledge: We learn from/serve as a knowledge resource for our partners on good governance.

Impact: We create an added value for/with our partners on dissemination of good governance to different segments of the society.

Resource: We benefit/supply resources for the activities in kind or/and cash.

The partnerships established usually consist of the combination of these three.

The method “Collaboration”, enables all types of leverage at the same time and mutually: knowledge, impact, resource. By mobilizing these resources, we benefit from many services without real budget allocation (leverage effect) and thus create more value (🌐 P.S. Impact Report. Page 29).

For we always prefer “to do together” rather than “doing alone”, we have specialized international and local stakeholders/knowledge partners in different sectors:



We prefer to work with the most suitable partners for the reputation and sustainability of our programs (e.g. collaboration with NGOs of public sector leaders in Public Governance Certificate Program)



Our **Academic Partners** contribute much in developing cutting-edge knowledge and disseminate governance best practices in public, non-profit, and corporate sectors:



We are eager to collaborate with **International Organizations** and **NGOs** to promote the understanding, implementation and effectiveness of good governance practices within and across public, non-profit, and private institutions. Our joint initiatives include workshops, surveys, awareness-building activities and implementation projects:



We receive **donations** from independent organizations, foundations, and individuals who are committed to support our mission of improving governance quality at all levels of society.

We appreciate the generous donations of TIRSAN on the first hand, Garanti Bank and ARGE Consulting, letting us pursue our goals:



We cooperate with good governance **volunteers** to create a better future.

Throughout 2015, our volunteers invested 2.151 hours (equivalent to TL 485.375). We registered the total leverages (all in-kind contributions like training hall fees, lecture fees, airline ticket fees, service fees, etc.) equivalent to TL 172.242.

CATEGORY	IN-KIND CONTRIBUTIONS TL	VOLUNTARY CONTRIBUTIONS	
		TL	HOURS
EDUCATION	32.500	131.900	580
RESEARCH	200	110.475	491
COMMUNICATION	98.082	137.250	610
MANAGEMENT	41.460	105.750	470
TOTAL	172.242	485.375	2.151

OUR IMPACT REPORT

We have shared our Impact Report with our donors and stakeholders at the end of the year.

The report exhibits our activities performed in 2015, including the impact we created with a certain real budget and an invaluable leverage effect which regularly register. As to reflect our accountability, we periodically visit our donors to explain how we utilize their donations via sharing our third party audited Impact Report.

Our Impact Report helps us to;

- Increase our accountability,
- Enhance our capacity to measure outputs we deliver,
- Maintain sustainable improvement,
- Motivate our donors and stakeholders to support deployment of governance culture,
- Encourage future donors to support the activities of the Academy.

The Report showed us that we created **2,7 times** of additional value through leverage and voluntary contributions.

The financial and operational data in the Impact Report was subject to third party review which is audited pro-bono by Deloitte. The report is prepared and shared both in Turkish and in English.



IMPACT REPORT

2015



Dear Donors,

We have performed various activities to raise awareness and dissemination of "Governance", with your supports since the foundation of the Academy. We are glad to present our Impact Report including our activities performed in 2015.

EDUCATION

We educate prospective leaders in governance

13

education programs

156

hours of education

315

participants

RESEARCH

We disseminate research and best practices

7

publications

shared with 2.000+

people

COMMUNICATION

We improve knowledge sharing among people and institutions

in 16

conferences with participants from

in 100+

countries reached & contacted
2.000 people individually

5.531.413

people via print media

OUR TEAM



Board of Directors Prof. Dr. Metin Çakmakçı | Pınar Ilgaz | Prof. Dr. Ünal Zenginobuz
Gizem Argüden | Barış Dinçer

Advisory Council Dr. Yılmaz Argüden | Sir Mark Moody-Stuart | Prof. Mervyn E. King
Prof. David R. Beatty | Prof. Charles Wolf | Dr. Darrell M. West | Dr. Daniel Kaufmann
Sandra Guerra | Phillip Armstrong | Nick Malyshev | Dr. Yaga Ramesh Konda Reddy

Academic Board Prof. Dr. Ali Çarkoğlu | Prof. Dr. Güler Aras | Prof. Dr. Nur İrem Nuhoglu
Prof. Dr. Ünal Zenginobuz | Prof. Dr. Vedat Akgiray | Dr. Erkin Erimez

Team Barış Dinçer, Director | F. Müjde Çetin, Coordinator | Fatma Ögücü Şen,
Researcher | Tuba Dokur, Communication Specialist

Donors



Argüden Governance Academy is a non-profit initiative, operating under the aegis of Boğaziçi University Foundation.

ACTIVITIES

E: Education	R: Research	C: Communication
■ Activities completed	■ Ongoing activities	■ Activities participated

2015

PUBLIC

9

- E 01 Good Governance in Public Certificate Program
- E 02 Youth Political Academy Education Program
- R 03 Regulatory Policy in Public Sector - Publication
- R 04 Recommendation of the Council on Regulatory Policy and Governance - Official Translation
- R 05 OECD Guidelines on Corporate Governance of State-Owned Enterprises - Official Translation
- C 06 Good Governance in Public - Workshop with NGOs
- C 07 Good Governance in Public - Policies and Implementation Conference
- C 08 Good Governance in Public - Historical Development, Current Situation and Expectations - Interview
- C 09 Good Governance Roundtable Meeting

CIVIL SOCIETY

4

- R 10 Participatory Democracy: Empowering NGOs - Publication
- C 11 C20 Governance Working Group Membership
- C 12 CAMP 101 - Governance Camp
- C 13 C20 Summit - The Role of Civil Society in Implementation of Sustainable Development Goals

CORPORATE

15

- E 14 More Women for Board Membership Program
- E 15 Performance Evaluation of Board of Directors Education Program
- E 16 Boğaziçi University Executive Education Abroad Program
- E 17 Gender Equality Education Program
- E 18 Board of Directors Training Program for Companies in Defense Industry
- R 19 Responsible Boards Action Plan for a Sustainable Future - Publication
- R 20 Responsibilities of the Boards for a Sustainable Future - Publication
- C 21 B20 Governance and Sustainability Panel
- C 22 Borsa Istanbul's Bell Ceremony for Gender Equality
- C 23 Trust and Business Conference
- C 24 Human Rights and Business Conference
- C 25 A New Era in Corporate Reporting: Integrated Reporting Seminar
- C 26 The Inaugural International Conference of the Koç University Corporate Governance Forum
- C 27 The Role of Internal Auditing in Ensuring Corporate Sustainability - 19th International Turkey Internal Audit Conference
- C 28 Responsibilities of Family Businesses towards the Environment, Society and Future Generations
TAIDER 3rd National Family Business Summit

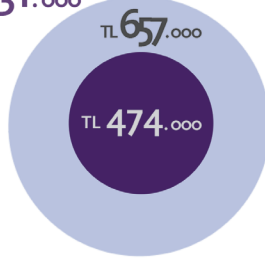
GLOBAL

10

- R 29 Active Engagement and Responsible Behavior article shared in the official publication of G20 Research Group
- R 30 Governments, Business, Civil Society: Transparency Builds Trust article shared on behalf of BIAC to the OECD
- R 31 Good Governance Recommendations for G20 - Publication
- C 32 OECD - 10th Session of the Regulatory Policy Committee
- C 33 United Nations General Assembly - Good Governance Speech
- C 34 Business for Rule of Law (B4ROL) - Opening Speech
- C 35 The Sustainable Development Goals in the G20 Countries Conference
- C 36 Participation to G20 Antalya Summit
- C 37 G20 Inclusive Growth Conference Speech
- C 38 UN Climate Conference - COP 21 Speech

RESOURCES

TL 1.131.000



■ Cash Budget ■ Voluntary Contributions + Leverages

CATEGORY	EXPENDITURES TL	LEVERAGES (IN-KIND CONTRIBUTIONS) TL	VOLUNTARY CONTRIBUTIONS	
			TL	HOURS
EDUCATION	127.760	32.500	131.900	580
RESEARCH	114.991	200	110.475	491
COMMUNICATION	109.061	98.082	137.250	610
MANAGEMENT	122.053	41.460	105.750	470
TOTAL	473.865	172.242	485.375	2.151

We have utilized a cash budget of TL 474.000 and mobilized resources of (with a multiplier of 2,7) TL 1.131.000.

COOPERATIONS



OUR KEY PERFORMANCE INDICATORS

We believe that we have to measure our performance in order to be able to improve it. Therefore, we always value the planning process and set challenging goals, considering our main areas of operation; education, research, and communication.

What gets measured, gets improved.

We consistently check and update our targets. The data of our KPIs is gathered and registered via empirical and scientific methods.

As a team, we give feedback to each other on how to improve our individual and cumulative performance. Moreover, we appreciate advice and criticism as they provide us a chance to develop new ideas, resolve problems, and improve the quality of work.

EDUCATION	RESEARCH	COMMUNICATION	MANAGEMENT
Number of education programs developed 9	Number of publications made 7	Number of "Knowledge Partnerships" awarded 5	Mobilizing resources (donations, grants, in-kind contributions) ✓
Number of education programs delivered 13	Number of research conducted 9	Number of conferences & discussion panels organized and participated 16	Ensuring appropriate use of donations ✓
Number of participants 315	Number of experts contributed to research/publications of Academy 3	Number of participants to conferences & discussion panels organized by Academy 135	Stakeholder* relations ✓
Number of lecturers in education programs 54	Number of surveys conducted 2	Number of panelists who participated to the panels organized by the Academy 47	Registering all the traceable data (volunteer hours, in-kind contributions, etc.) ✓
Number of certificates delivered 91	Number of respondents to the surveys 51	Number of education programs & conferences & discussion panels we attended 17	
Number of applicants to education programs 250	Number of institutions collaborated for research 5	Number of institutions collaborated for communication activities 12	
Number of institutions collaborated for education programs 20	Percentage of in-kind support that has been used to realize research %22.76	Number of volunteers 10	
Percentage of in-kind support that has been used to realize education programs % 27.1	Number of people reached via research/publications 2.000+	Percentage of in-kind support that has been used to realize communication of Academy's activities %28.27	
Quality of education material developed ✓	Quality of research/publication/survey ✓	Number of people reached via newsletters 20.000+	
Effort for building collaborations with other institutions ✓	Quality of translation ✓	Number of social media interactions 2.500+	
		Percentage of opening ratio in newsletter sharing %22.80	


* As "reputation" is a high material issue for us, the Boards pay special attention to observing and making evaluations on relationship with all stakeholders.

✓ is assessed as performed by Board of Directors.

✗ is assessed as not performed by Board of Directors.

OUR ACTIVITIES IN 2015



 P.S. Our Impact Report - 2015 Activities Summary. Page 29



Public Governance

Trust is the essence of good governance and foundation of development.



We contextualize governance with a holistic approach across public sector, NGOs, private sector, and globally. As the relationship between citizens and public authority going through a restructuring, the implementation of governance in public sector is also going through a transformation.

Good governance in the public sector;

- Encourages participation,
- Creates consistent, transparent, and accountable public administration,
- Ensures fairness, effectiveness in the decision making process and implementation of decisions,
- Enables participation, predictability, and transparency in the formulation of public policies.

Our business model reflects our approach in public governance and consists of education, research, and communication activities (🌐 P.S. Our Business Model. Page 12) In 2015, we contributed to the improvement of public governance through:

- 4 modules of Certificate Program with Türkiye's leading university, Boğaziçi University's Lifelong Learning Center (BULLC),
- Conference with contributions of OECD, the World Bank, and representatives of Civil Society Organizations founded by public sector experts,
- Publication of OECD's Recommendations in Turkish,
- Interviews with public sector experts.

Activities in 2015

We help develop future public sector leaders' governance knowledge.

In **Good Governance in Public Sector Certificate Program**, we have completed first and second modules with two groups in parallel. 78 public sector leader participants of the program have attended to the program with a diversification of 19 different institutions. We appreciated the efforts of Ministry of Youth, Ministry of Foreign Affairs, and Energy Markets Regulation Authority among the institutions mentioned above regarding their special support to our program.

With this certificate program, as a major element in our business model, we invest in human capital and aim to;

- Build awareness on the importance of governance and sustainability,
- Use empirical methods as a tool while designing and implementing policies,
- Raise the participatory democracy in policy design and implementation, and
- Increase the service quality in public sector for its current and future leaders.

During the candidate selection process of the participants, we preferred getting into contact with their Civil Society Organizations founded for the sustainability of the program:



The program was designed for Public Sector Leaders organized in association with Türkiye's leading university, Boğaziçi University's Lifelong Learning Center (BULLC). The program consists of 4 modules, each module 24 hours and focuses on;

- Good Governance in the Public Sector
- Regulatory Reform and Empirical Methods in Policy-Making
- Participatory Democracy and Open Government
- Effectiveness and Innovation in Public Service Delivery and Innovation

For the participants to use the information and tools/techniques learnt in the program, lecture notes, syllabus, reading lists, and relevant sources are shared in our website.

78 PUBLIC
SECTOR LEADERS

FROM **19 PUBLIC**
INSTITUTIONS

WITH **19 GOVERNANCE**
LECTURERS

Good Governance in Public Certificate Program Curriculum

MODULE 1 – Good Governance in the Public Sector			MODULE 2 – Regulatory Reform and Empirical Methods in Policy-Making		
1	Governance and Participatory Democracy in the Public Sector		1	Strategic Management and Planning	
2	Modernizing Government		2	Regulatory Impact Analysis	
3	Roles of Regulations in Public and Regulatory Institutions		3	Decision Analysis in Regulatory Impact Analysis	
4	Future Trends: Population Growth, Resource Scarcity, Climate Change		4	Social Network Analysis in Regulatory Reforms	
5	Sustainability and Integrated Governance		5	Regulatory Reform and Whole-of-government approaches	
6	Increasing Trust in the Public Administration		6	Effective Implementation of Public Policy	
7	Measuring Governance Quality: Governance Indicators		7	Managing Capacity and Administrative Burden	
8	Global Governance: Issues, Approaches and Institutions		8	Measurement , Evaluation and Reporting	

MODULE 3 – Participatory Democracy and Open Government			MODULE 4 – Effectiveness and Innovation in Public Service Delivery and Innovation		
1	Change in “Public/Citizen” Relations and Participatory Democracy		1	Effective Problem Solving and Implementation in the Public Sector	
2	Stakeholders and Collaborative Problem-Solving –Implementation Cycle		2	Effective Problem Solving and Implementation 1: Private Sector and NGO Partnerships	
3	Increasing Citizen Participation and Communication		3	Effective Problem Solving and Implementation 2: Developing Local Governments	
4	Role of Local Governments in Participatory Democracy		4	Effective Problem Solving and Implementation 3: Performance Management and Learning Culture	
5	Public Expenditures Analysis		5	Innovation in Public Service Delivery	
6	Accountability and Ethics in the Public Sector		6	Innovation in Public Service Delivery 1: E-Government	
7	Socio – Economic Development Maps		7	Innovation in Public Service Delivery 2: Social Entrepreneurship	
8	Citizen’s Report Card: Citizen Satisfaction Surveys		8	Innovation in Public Service Delivery 3: Behavioral Economics and Nudge	

In our education programs, we use 360 degree performance appraisal technique to continuously improve the program. Right after the completion of each module, we make a survey among the participants to give us feedback regarding the quality levels of the education, the organization, and the lecturer. Additionally, we request the experts to rate us regarding the organization’s and the participants’ level of quality.

Evaluation of Good Governance in Public Sector Certificate Program Module 1 – 3

MODULES			EDUCATION	LECTURER	GENERAL EVALUATION
Module 1	Spring'15	Good Governance in the Public Sector	4,35	4,58	4,46
Module 1	Fall'15	Good Governance in the Public Sector	4,38	4,48	4,46
Module 2	Fall'15	Regulatory Reform and Empirical Methods in Policy-Making	4,43	4,56	4,49
Module 2	Winter'16	Regulatory Reform and Empirical Methods in Policy-Making	4,49	4,68	4,59
Module 3	Spring'16	Participatory Democracy and Open Government	4,38	4,53	4,45

Raising awareness about governance requires the holistic approach that consists of education, research and communication activities. As a supplementary to our Certificate Program in Public Sector, we shared informative publication about good governance in the public sector. **Good Governance in Public Sector** publication includes:

- Regulatory Policy in the Public Sector, Dr. Yılmaz Argüden
- The translation of “The recommendation of the Council on Regulatory Policy and Governance” - OECD report into Turkish, translated by Gizem Argüden.

This publication is accepted as a guide for public sector leaders in regulatory policy. The issues raised in the publication are:

- Using analytical tools while designing regulations: Regulatory Impact Assessment
- Significance of transparency and participation in decision making process
- Monitoring and oversight in the implementations of regulatory policies

The publication was shared in “Good Governance in the Public Sector - Policies & Implementation Conference” in Ankara, 2015.

PRINCIPLES OF REGULATORY QUALITY IN PUBLIC SECTOR		
1 Regulatory Quality	2 Communication, Consultation, Participation	3 Regulatory Oversight
4 Regulatory Impact Assessment	5 Evaluation	6 Performance of Regulatory Reform Programs
7 Regulatory Agencies	8 Judicial System	9 Risk Management
10 Coherence	11 Capacity at Sub-National Level	12 International Co-operation



We share knowledge about governance with communication activities. One of our outstanding activity in 2015 was “**Good Governance in the Public Sector – Policies & Implementation Conference**” in which we discussed regulatory policy making process and empirical methods.

In line with our strategy, we have organized this Conference in association with the OECD and the World Bank. Nine different Civil Society Organizations founded by public sector experts contributed to the Conference.

In a discussion panel:

OECD Regulatory Policy Division Head Nikolai Malyshev,

Senior World Bank Economist Mediha Aęar, and

Our Public Governance Expert Fikret Toksöz discussed and enlightened the contributors regarding good governance in the public sector.

We shared the full video of the Conference with our followers via YouTube and shared highlights via our social media accounts. The video of the Conference is viewed 647 times in YouTube which is another tool we use in our impact model.



We have participated to discuss governance in other organizations' trainings and meetings:

- ***Good Governance Roundtable Meeting***

We discussed good governance practices in Türkiye and recent trends about governance. This roundtable discussion was organized with the International Republican Institute and participations of representatives from public, civil society, academia, and private sector.



- ***Youth Political Academy Education Program***

Our founder, Dr. Yılmaz Argüden and public governance expert Fikret Toksöz shared their views and experience at the Youth Political Academy training program. The program is organized in collaboration with the International Republican Institute (IRI) and Eduardo Frei Foundation



Additionally, as in our mission to become a center of excellence in governance, international institutions doing research in Türkiye regarding governance, began to contact us. In 2015, we held a meeting with Head of OECD Korea Public Policy and discussed policy making process in Türkiye and Korea, and future opportunities for collaboration.



Non-Governmental Organizations Governance

NGOs are the most effective instruments of change in the transition from ruling to democratic, participative governance.



We consider NGOs as **pioneers** in improving the participation of companies and individuals into governance mechanism to improve quality of life. NGOs' positions in our model are:

In public sector, NGOs raise awareness of the society by participating in decision making process. By cooperating with NGO, the state may also deal with national issues in a manner that enhances the trust to its institutions, resultantly increase quality of life of the society.

The adoption of good governance principles in the operations of civil society organizations will contribute to their capacity building and increase their level of trust in the society.

In private sector, NGOs such as UN Global Compact help to enhance the participatory form of management, transparency, accountability in the institution, whereas trust to institutions is sustained via the adoption of these good governance principles.

In our business model, we -as a non-profit organization- believe that cooperation with other civil society organizations, both local and global, is crucial to deploy good governance culture in the society. We seek knowledge, impact and resource partners in the civil society. We support this reality by making partnership agreements with numerous NGOs (📍 P.S. Our KPIs. Page 30).



We were invited as a member of C20 Governance Working Group and contributed to the consultation process.

Activities in 2015

As NGOs are the key elements to foster participatory democracy, empowering them is a necessity. Our **Participatory Democracy: Empowering NGOs Project** aims to clarify the current issues that civil society facing and suggestions to empower them. As we pay attention to increase the impact of the project in our research activities, we cooperate with Friedrich-Ebert-Stiftung, TEPAV, and TESEV. We mutually benefit from each other's impact, knowledge, and financial leverage effect.

We were invited to be a member of C20 Governance Working Group. As a member, we organized a panel to discuss the role of civil society in the implementation of the Sustainable Development Goals (SDGs of the UN) in the **C20 Summit**. The main issues discussed were the possible ways to increase collaboration on this issue among governments, civil society and business at a time when international cooperation requires multi-dimensional efforts to achieve sustainable goals. The participants of the discussion were Prof. Dr. Cemil Arıkan UN SDSN Türkiye- Chair of the Board, Fikret Toksöz - Argüden Governance Academy, Atilla D. Yerlikaya - UN Global Compact Türkiye Deputy Chairman, Aybala Şimşek - BCSD Türkiye- Board Member.



In **The World Bank - Inspection Panel**, we have discussed the accountability policies and practices.





Corporate Governance

Adopting good corporate governance principles leads to improved quality of life.



We define corporate sector as a key actor to create value for a sustainable future. Companies who implement governance principles through the whole organization enhances their quality of management which leads them to earn trust of the community and stakeholders. Earning public trust of their stakeholders, helps mobilize more resources throughout their value chain to achieve sustainable success.

In 2015, we have supported **responsible business** behavior in corporate sector in various platforms. We have highlighted:

- The significance of accepting principled responsible business practices (*UN Global Compact, etc.*)
- Enhancing the transparency, accountability of the companies via new corporate reporting tools (*Integrated Reporting, etc.*)
- The necessity of responsible and diversified boards for a sustainable future
- Gender Equality in all levels of companies for inclusive society and participation

In parallel with our strategy, we encourage business, academia, and NGO partnerships. This valuable communication with different stakeholders results in new engagements; which enable resource, knowledge, and impact leverage. In 2015, our contributions were inspiring with the following engagements:

- Becoming a member of BORSA ISTANBUL Sustainability Platform to take an active action
- Contributing to the review process of OECD Corporate Governance Principles (*as one of the 75 institutions contributed in the world*)
- Knowledge partnerships with internationally renowned institutions (*OECD, IFC, University of Toronto*)



- Powering Academia and Corporate Sector relationship with Boğaziçi University's Executive Education Abroad Program
- Attending other NGOs' activities (*Global Compact, TÜSİAD, TKYD, TÜYİD, etc.*) to enlighten about governance



Activities in 2015



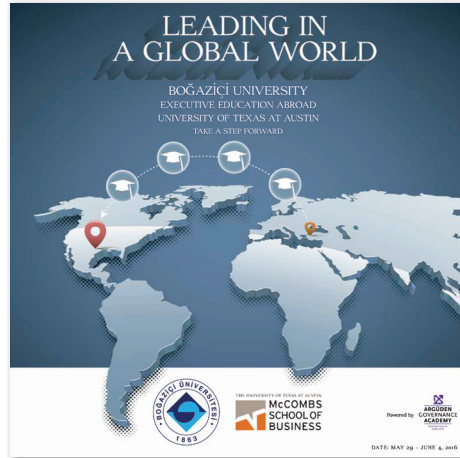
We emphasize and support Gender Equality in various platforms. Empowering all girls and women, gender equality, takes place in Sustainable Development Goals (SDGs) #5.

One of the education programs we disseminated gender equality is “**More Women for Board Membership**” Program, in which we trained and mentored women to be involved more in Boards. In parallel with our strategy, we have cooperated with leading institutions PRAESTA, Boğaziçi University, Bilgi University, Koç University, Özyeğin University.



Another education program on gender equality is **Gender Equality Training Program** for corporate sector. The program is designed to raise awareness of the companies on gender equality with a perspective of good governance culture. Our education has started with Eczacıbaşı Group (founded in 1942, a prominent Turkish industrial group with 49 companies, over 13,300 employees) in November, 2015.

In 2015, another subject we focused on, is to increase executives' knowledge on governance. We trained Board of Directors of the companies about Performance Evaluation Criteria of Boards, in cooperation with Corporate Governance Association of Türkiye (TKYD). With **Performance Evaluation of Board of Directors Training Program**, we focused on analyzing performance evaluation process of the Board of Directors, contributions of the Board of Directors, and culture and behavior of Board of Directors.



We believe that supporting valuable programs of our partners is a part of our mission as a non-profit organization. We support **Boğaziçi University’s Executive Education Abroad Program** which is organized with the leading universities in the world, such as University of Texas at Austin, McCombs School of Business; New York University, the Stern School of Business; Columbia Business School. The program consists 4 major sets of courses named as Leading in a Global World, Leading in the New Telecom World, Women on Board, and Digital Business Strategy. We performed an active role in announcement of the program and registration of participants.

In “**Responsible Boards Action Plan for a Sustainable Future**” publication, Dr. Argüden focused on responsibilities of boards for sustainability. As companies can play a fundamental role in creating a sustainable future. This paper is published in IFC Private Sector Opinion with a foreword of Chairman of Global Compact Foundation and our Advisory Board Member Sir Mark Moody-Stuart. The checklist at the end of the paper is accepted as a **sustainability checklist** for responsible board members.

In addition to education and research activities in corporate sector, we have participated to various platforms to share our knowledge and experience on corporate governance:

- Made effective contributions to B20 consultations in 2015. We have helped to organize **B20 Governance and Sustainability Panel** and contributed to the **Inclusive Business Conference** in Ankara organized by G20-B20.
- Attended to **Borsa Istanbul’s Bell Ceremony for Gender Equality** in which we emphasized the importance of equality for economic development.
- Contributed to **OECD-Trust and Business Conference** in Paris with a speech on good governance.
- Attended to **Human Rights and Business Conference**.
- At “**A New Era in Corporate Reporting: Integrated Reporting**” Seminar organized by TÜSİAD and Global Compact, ‘The Integrated Reporting Guide’, co-authored by our Academic Board member Prof. Dr. Güler Aras, was presented. The CEO of the IIRC, Paul Druckman; our Academic Board member Prof. Dr. Vedat Akgiray, Borsa İstanbul Executive Vice President Associate Dr. Mustafa K. Yılmaz and our founder Dr. Yılmaz Argüden introduced the concept of Integrated Reporting and IIRC.
- Highlighted the differences between Management and Governance at the “Effectiveness of the Board” panel of the **Koç University’s The Inaugural International Conference of the Corporate Governance Forum**.
- Emphasized the **the Role of Internal Auditing in Ensuring Corporate Sustainability** at the 19th International Türkiye Internal Audit Conference.
- Discussed the responsibilities of family business towards the environment, society and future generations at the **TAİDER 3rd National Family Business Summit**.



Global Governance

We contribute to global knowledge development on governance.

As the world gets smaller and more interconnected, we define global governance to analyze the global problems jointly and apply good governance principles not only to our own governments and institutions, but also to global institutions.

Our approach in global governance is to contribute in the global decision-making mechanism and increase the awareness about good governance. From this point of view, we build valuable partnerships in the global arena with world's leading institutions.



United Nations
Global Compact



COP21-CMP11
PARIS 2015
UN CLIMATE CHANGE CONFERENCE



IFC | International
Finance Corporation
WORLD BANK GROUP



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP



At the UN Sustainable Development Summit, more than 150 world leaders adopted Sustainable Development Goals. Institutions/ corporations made commitments to support these goals. As Argüden Governance Academy, we have committed to mobilize more than \$1 million to support **SDGs #16 –Peace and Justice - and #17 –Partnerships for the Goals-**.

Activities in 2015

2015 was remarkable for global governance with the presidency of Türkiye in G20. The Academy contributed to the consultation process in C20 as Governance Working Group Member. In our first full year of operation, 2015, other significant platforms were **G20**, **C20**, **UN**, **OECD**, **UNGC**, **BIAC** on good governance practices.



We discussed governance in **G20** meetings which were held under the presidency of Türkiye. As inclusive growth was at the heart of the discussions, we have shared our knowledge as a keynote speaker with a speech in **G20 Inclusive Growth Conference**. Besides, we attended to the **G20 Antalya Summit**.

As a **C20 Governance Working Group Member**, we have contributed to the advocacy process. In **C20 Summit**, we raised the significance of civil society in the implementation of Sustainable Development Goals (SDGs) with a panel.

We have shared our knowledge on global governance with the publications and consultations:

- Our article “**Active Engagement and Responsible Behavior**” was published as the official publication of the G20 Research Group at the Munk School of Global Affairs, University of Toronto: “**G20 Türkiye: The Antalya Summit 2015**”. The article summarizes our contributions to the G20 process.

- “**Good Governance Recommendations for G20**” publication was released. Our key message in the publication, which emerged from the surveys and panels we have conducted was:

For inclusive and sustainable development, good governance and responsible behavior by all actors should be established by creating a regulatory environment where transparency in the public and private sectors is the norm.



- Our article on behalf of Business and Industry Advisory Committee (BIAC) to the OECD: “**Governments, Businesses, Civil Society: Transparency Builds Trust**” is the cover feature on World Commerce Review.
- We have contributed to the review process of **OECD Principled of Corporate Governance** as one of 75 institutions in the world.



The Academy as a non-profit organization is to share its knowledge in communication activities. We are proud that the Academy fulfills this responsibility in every platform it has attended.



Our Founder, Dr. Argüden had an opportunity to make a call for good governance at the United Nations General Assembly Hall as the chair of the UN Global Compact National Networks. He has addressed the importance of **trust** in maintaining **good governance** and **sustainable development** in his speech at the United Nations headquarters on June 25, 2015.

He has also shared his knowledge about Inclusive Growth in **OECD - 10th Session of the Regulatory Policy Committee**. Additionally, he made the opening remarks in **Business for Rule of Law (B4ROL) Conference** in İstanbul.

We have underlined the necessity of aligning incentive systems (including basis of taxation) to support the SDGs at the **United Nations Climate Change Conference (COP21), Paris**.

RISK MANAGEMENT

Defining risks and managing them is at the heart of all our activities, which leads us to put special effort on internal communication. Our Board of Directors discuss strategic, reputational, and major operational risks, regularly. Below, we summarize definitions of our potential risks that may cause damage to create value in short, medium, and long term.

RISKS	DESCRIPTION	TERM	RISK MANAGEMENT
Operational risks	Abdication of lecturers, transportation risks (putting off of scheduled flights etc.), delays in publication process.	Short Term	Keep substitute lecturers' lists, arrange make-up courses for postponed lectures, contact with different publishers, finish the reviews in publication process as soon as possible.
Political risks	Stakeholders (NGOs, institutions, individuals, etc.) may decide not to collaborate due to changes in political climate.	Long Term	Search for substitute collaborators and enrich the list of activities to perform without collaboration.
Financial risks	Volatility in exchange rates, withdrawal of donation commitments, too much over-deviation in estimated budget.	Medium to Long Term	Avoid transactions in other currencies, search for other donors, prepare alternative budgets.
Reputational risks	Loss of reputation.	Long Term	Build a varied range of areas/ stakeholders, improve awareness of the team on importance of reputation, correct any mistake as quick as possible to rebuild the trust.
Compliance risks	Compliance to different legislation that non-profit organizations are subject to. Non-compliance may harm reputation and operation.	Medium to Long Term	Pay special attention to compliance rules and improve the knowledge of our team on the implementations of compliance.
Strategic risks	Withdrawal of donors, decline in the intention to support good governance.	Long Term	Search for other donors, always find different and interesting ways to underline the importance of governance and its contributions to the quality of life in the community.

In addition to our risks, we focus on our **opportunities** to create sustainable value:

- New donors and potential donors
- Emerging demands for governance activities widening our area of impact
- New incentive (aid) & grant programs announced by the donors (government, development agencies, NGOs, etc.)
- New volunteers
- New stakeholders to collaborate

FINANCIAL HIGHLIGHTS

ARGÜDEN GOVERNANCE ACADEMY	
As of 31.12.2015	in TL
DONATIONS	1.177.335,70
EXPENDITURES	473.865,00
Education	127.760,00
Research	114.991,00
Communication	109.061,00
Management	122.053,00
REMAINING	703.470,70

We received TL 1.177.335 donations as income and spent TL 473.865 for the areas of operation mentioned above, remaining TL 703.470 in the budget for 2016.


P.S. Our Impact Report - Budgetary Items Table. Page 29

We have utilized a cash budget of TL 474.000 and mobilized resource of (with a multiplier of 2,7) TL 1.131.000.

As we are a non-profit organization, we took advantage of 3 main donors (and many individuals), namely TIRSAN, GARANTİ Bank and ARGE Consulting to form our budget. We have multiyear donations which will help us to sustain our operations.

We train our team on applying for grant projects and for running them properly.

The volunteers invested 2.151 hours and contributed to the budget TL 485.375 equivalent. We regularly collected data for volunteer hours and other types of contribution, and created grounds for them to take active action to deliver their know-how to improve quality of life of the society. We promoted our volunteers on our activities either by announcing their contribution or thanking them on our publications.

For we are dependent on the resources of our donors, we are highly sensitive on expenditures, keeping always in mind how to leverage. In line with this responsible behavior, we give an account of our budget and series of events, to our donors periodically, without their demand ( P.S. Our KPIs. Page 30)

We collect 3 different price proposals for every in-kind contribution type (e.g. transportation ticket fee, meeting hall fee, consultation fee to value voluntary hours etc.) and pick the “lowest price” to determine the value of in-kind contribution for our records.

This behavior of us served an example for the civil society and several NGOs consulted us on how to leverage and how to measure the impact of leverages on the real budget.

IN-KIND CONTRIBUTIONS

PROJECT	DATE	VOLUNTEER	SECTOR	ACTIVITY	DETAILS	Total Equivalent Amount (TL)
Good Governance in Public Certificate Program M1 G1	2015 H1	EPDK	PUBLIC	EDUCATION	Training hall for 40 + lunch/coffee breaks	8.000
Good Governance in Public Certificate Program M1 G2	2015 H2	GSB	PUBLIC	EDUCATION	Training hall for 40 + lunch/coffee breaks	8.000
Good Governance in Public Certificate Program M1 G2	2015 H2	GSB	PUBLIC	EDUCATION	Training hall for 40 + lunch/coffee breaks	8.000
Good Governance in Public Certificate Program M1 G2	2015 H2	DIŞIŞLERİ BAK.	PUBLIC	EDUCATION	Training hall for 40 + lunch/coffee breaks	8.000

PROPOSALS	DATE	NUMBER OF ATTENDEES	NUMBER OF DAYS	PRICE/ ATTENDEE	TOTAL PRICE (TL)
Proposal 1 (A 5 star Hotel in Ankara)	2015 H1	40	4	80	12.800
Proposal 2 (A 4 star Hotel in Ankara - menu 1)	2015 H1	40	4	60	9.600
Proposal 3 (A 4 star Hotel in Ankara - menu 2)	2015 H1	40	4	50	8.000

“we take the lowest price to determine the value of in-kind contribution”

AUDIT REPORT 2015

Our financial data and Impact Report was audited in our first fully operating year by one of the Big4 auditing companies, Deloitte. This experience had an impressive influence for Deloitte's auditing team for this was the first Impact Report of an NGO to be reviewed, in which they were provided evidence not only for the financial data, but also the voluntary and in-kind contributions.

Deloitte.

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Convenience Translation of Report of Factual Findings Originally Issued in Turkish

REPORT OF FACTUAL FINDINGS

We have performed the procedures agreed with you and enumerated below with respect to the operations of Argüden Governance Academy ("Academy")' in 2015, set forth in the accompanying schedules. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the validity of the "Resources" table and are summarized as follows:

1. Understanding the business and operations conducted during the study to have detailed discussions with the process owners, the Impact Report for the financial information / data verified on selected samples and supporting written information / documentation were examined.
2. We have requested the confirmations of the year-end balances of bank accounts. Received donations and all monetary transactions are carried out through banks, such as expenses incurred. Donations and expenses are matched with provided bank statements. Since all of the accounting-related and financial transactions are conducted by the staff of the Boğaziçi University Foundation (BÜVAK) and all the donations to the Academy are transferred to the Boğaziçi University Foundation (BÜVAK)'s bank account; the audit of the balances were performed through records presented by the Boğaziçi University Foundation (BÜVAK) and it was observed to be in accordance with the tables. No procedure has been applied by us on BÜVAK records.
3. The numbers listed in the "Resources" table of the Impact Report consist of two groups: "Expenditures" incurred in real terms and "Voluntary Contributions" calculated based on estimations. "Expenditures" incurred for the group have been tested and confirmed on a sampling basis. Calculations of the "Voluntary Contributions" group is based on "the estimated monetary value of the activity" have been determined / verified by written quotes obtained for similar activities or declared by volunteers and registered by the Academy staff and the monetary value of volunteer time is calculated according to the standards set by the Academy's Board. Voluntarily Contributed Hours of the declaration verified through sampling have been confirmed.

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Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the "Resources" table as of 13 May 2016.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified above and does not extend to any financial statements of Academy, taken as a whole.

DRT Bağımsız Denetim ve Ş.M.Ş.Ş. A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED

13 May 2016

ACRONYMS

<IR>	Integrated Reporting
ASEET	Association of Southern European Economics Theorists
B20	Business 20
B4ROL	Business for Rule of Law
BCSD	Business Council for Sustainable Development
BIAC	Business and Industry Advisory Committee
BULLC	Boğaziçi University Lifelong Learning Center
BÜVAK	Boğaziçi University Foundation
C20	Civil Society 20
EBRD	European Bank for Reconstruction and Development
EU	European Union
G20	Group of 20
IFC	International Finance Corporation
IIRC	International Integrated Reporting Council
IRI	International Republican Institute
KalDer	Turkish Society for Quality
KPIs	Key Performance Indicators
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-Operation and Development
SDGs	Sustainable Development Goals
SMEs	Small and Medium-Sized Enterprises
TAİDER	Turkish Family Business Association
TEİD	Ethics & Reputation Society
TEPAV	The Economic Policy Research Foundation of Türkiye
TESEV	Turkish Economic and Social Studies Foundation
TKYD	Corporate Governance Association of Türkiye
TL	Turkish Lira
TÜSİAD	Turkish Industry and Business Association
TÜYİD	Turkish Investor Relations Society
UN	United Nations
UNGC	United Nations Global Compact
UN SDSN	United Nations Sustainable Development Solutions Network

