

2014

2ND ANNUAL REPORT

**WOMEN ON
BOARD**

Turkey

Independent Women Directors (IWD) Project

The Capital Markets Board of Turkey (CMBT) has called for listed companies to have 1/3 of their board members independent. In addition, a change in the CMBT's Corporate Governance Principles requested the listed companies to include at least one woman in their boards based on "comply or explain" approach. Unfortunately the expansion of boards due to the independence requirement caused the ratio of women in listed companies to decrease to 11% in 2012 from 12% in 2011.

Sabancı University (SU), with the financial endorsement of General Consulate of Sweden in Turkey and in strategic partnership with Egon Zehnder International Turkey, has initiated the "Independent Women Directors (IWD)" project in 2012. The project aims to help companies to give priority to women when nominating independent directors and hence help them to realize both mandates at the same time. Through increasing the number of women directors in the capacity of independent corporate board member; IWD Project aims to help Turkish women to hold more senior roles in the corporate world leading to have more influence on setting the corporate political agenda and eventually have more say on the national socio-political roadmap.

IWD has the objective of supporting women in being nominated for independent board member roles in listed companies in Turkey. To this end, an inventory of nearly 300 board ready women was formed with individual consents. Each candidate has been filtered in the light of the board ready women criteria created by the project team taking into consideration the environment of Turkish business world as well as the criteria deployed by Global Board Ready Women (GBRW) initiative. GBRW, a similar project was rolled out by European Business Schools in strategic partnership with Financial Times. Although IWD project has produced the board ready women inventory, there is still much to do. Transformation of the role of women in the business world will only happen as an outcome of a committed and consistent set of organized activities and devoted supporters.

Amb. Jens Odlander Consul-General of Sweden in Istanbul



Gender equality has been one of the core values of Sweden since decades. In our country, it is of utmost importance that women and men have equal opportunities in all aspects of life, as we believe gender equality is a key determinant of our prosperity. It's also a basic principle in human rights. However, when it comes to gender parity at the top echelons of business organizations, even in Sweden, we have a long way to go.

Gender diversity in the boardroom is proven to have a positive effect on the governance quality of companies. Furthermore, it is also established that companies with female directors have a competitive advantage in attracting the best female talent and develop products and services that appeal to women. Most importantly diverse boards empower women and provide positive role models for young professional women.

While working on improving the gender diversity in corporate boards and in other positions of authority in our own country, we also help initiatives that share the same objectives in other countries, as we believe that the values of gender equality must be embraced globally. The Swedish Consulate General in Istanbul provides support to several projects in that respect and one of those projects is the IWD project.

We are aware of the fact that it takes time to change established norms and cultures. We believe that the IWD project, with the work that has been done up to now, has put the issue on the agenda of corporate boards, the regulators and women who are ready to serve on the boards successfully. We are happy that we have extended our support to the project for the third year in 2014.

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FOREWORD

Ali Babacan

Deputy Prime Minister of Turkey Responsible for the Economy



“The number of women in work life either as a worker, manager or business owner is far from satisfying. We have set ambitious goals for 2023, the one hundredth anniversary of the foundation of the Republic of Turkey.”

Our Untapped Potential: Women

Economic development is strongly associated with the value that societies attribute to women. It is now a well-known fact that economic prosperity and advancement of women inclusion in economic and social life are closely linked. It is not a mere coincidence that countries which have their women participating in every aspect of life more strongly are regarded as more developed. Higher women employment figures, higher number of women managers and directors in business life, more women in academic life, in arts, in sports are just a few examples among many others that are very essential to unlock the full potential of a nation's human resources.

Thanks to successful macroeconomic and structural policies implemented in 2000's, Turkey has witnessed a comprehensive transformation process where economic fundamentals strengthened, economic stability was established and national income per capita in USD terms tripled.

Having an inclusive growth vision always in place enabled us to enjoy a fast development path almost in every facet of life. In this regard, legislative measures and incentives to enhance women participation in work force have constituted a fundamental part of our reform agenda. Consequently, women participation rate in labor market has risen significantly. Besides, significant improvements in women entrepreneurship has been achieved by means of different support mechanisms in place and Turkish women have become more and more active in running businesses.

In addition to all these legislations and support mechanisms, “voluntary” initiatives have also been launched by our different institutions. Capital Markets Board of Turkey's efforts to support gender equality at Borsa Istanbul Companies' management levels through having a recommended quota for women, together with a time frame and policy to achieve these quotas, are important steps taken in the right direction.

Important to note is that, rather than just increasing sheer figures for the sake of appearance, all these regulations are put in place to allow our economy and particularly our businesses to benefit from the improved decision-making that greater gender diversity can bring.

Yet, the number of women in work life either as a worker, manager or business owner is far from satisfying. We have set ambitious goals for 2023, the one hundredth anniversary of the foundation of the Republic of Turkey. Reaching those targets require achieving higher education levels for the whole society, improvement in human capital and progress in technological change, advancement in innovation, stronger corporate governance approach and hence increased competitiveness. Obviously, all these will necessitate a more inclusive participation of all segments of the society, especially of women.

It will not be possible for us to become a well-developed society unless our women take their place in economic and social life they deserve. Although success stories of Turkish women in many distinct areas from arts to sports, business to sciences make us very hopeful for the future, we still need further progress and this can only be achieved with a complete and coordinated approach that encompasses both the public institutions and civic initiatives. Much has been done and important progress was made in this regard, but we are very well aware that further steps are still needed on our way to 2023. We all have duties and responsibilities and therefore shall play our parts to make these good examples to increase and flourish to wider segments of the society.

Having this opportunity, I would like to emphasize my appreciation to the Independent Women Directors for their eagerness and contribution to our country's development process they make by encouraging and supporting women participation in business life. I wish them every success in their endeavors.

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I.1 Background

Global statistics indicate that women are severely underrepresented on the boards of the world's largest publicly traded corporations. This lack of gender parity in the governance of business corporations, and especially in the governance of financial institutions in the aftermath of recent financial crises, has ignited a global debate and calls for intervention.

While boardroom homogeneity with respect to gender is generally accepted as an indication of entrenched boards and bad governance, countries responded to the calls with two distinct regulatory models: namely, quotas and disclosure. The first regulatory strategy, board gender quotas imposed by legislators, mandates a particular level of gender balance in the boardroom. The second strategy requires corporations to disclose their diversity related governance practices to the public. These strategies are not mutually exclusive - some countries have implemented both strategies in parallel.

The quota-based approach adopted by Norway, sets the stage for subsequent legislative interventions in Iceland, Italy, France, Belgium and Germany, especially after the publication of empirical research providing evidence that the quota did not have a negative effect on the value and competitiveness of Norwegian corporations, and indeed had a positive effect on improving the governance quality of badly governed firms. Quotas forced rejuvenation of boards along the gender lines and disrupted the established norms and hierarchies in the market place.

Some countries opted for the disclosure strategy. United States, with the largest share of global market capitalization, mandated the disclosure of board diversity in a SEC reporting ruling; however, the ruling left it to corporations to interpret the meaning of "diversity".

About The Forum

Corporate Governance Forum of Turkey (CGFT), founded on 1st of March 2003 as a joint initiative of Turkish Industrialists' and Businessmen's Association (TUSIAD) and Sabancı University, continues its' work as an interdisciplinary and cross sectorial initiative hosted by the School of Management, focusing on corporate behavior around issues that can impact economic development and social welfare. Forum's mission is to contribute to the improvement of the corporate governance framework and practices through scientific research, support the policy development process by active engagement, encourage and facilitate the dialogue between academicians and practitioners, and disseminate research for the betterment of the society and economic and social development.

While Norway and the US used formal legislation and regulation, many countries adopted less formal approaches, so called soft-law mechanisms embedded in corporate governance codes, such as Turkey.

Despite the various global, regional and country-level interventions, the progress in improving the gender diversity of the boards has been very slow and incremental¹.

IWD's purpose is to create awareness on the benefits of board diversity with respect to gender, develop and maintain a database of qualified women, and match the women in the database with companies wishing to nominate women directors to their boards.

I.2 Why gender diversity?

Initial arguments in support of regulatory interventions to achieve gender parity were predominantly based on economic rationale while equality based arguments were somewhat less pronounced. The dominant perspective is based on the corporate governance argument that gender diversity at the board level may increase the effectiveness of a board's monitoring duties. A diverse board can help avoid "group think" and the presence of different perspectives on the board may lead to better assessment of risks. Various empirical studies provide evidence for this argument. A somewhat supporting perspective suggests that women promote better understanding of markets and provide access to different resources and networks. Accordingly, diversity enhances creativity and innovation, while also contributing to the external legitimacy of the firm.

As the debate matured, the arguments shifted their focus from economic rationales, that diversified boards may enhance organizational performance, to equality-based arguments, that is to the goals of equitable access to positions of power and democratizing power. This shift reflects the change in the conception of the purpose of the corporation, from purely maximizing the wealth of shareholders, to also caring for and promoting general social welfare. As such, the issue of gender diversity in the boardroom has become a political one while the lack of women in the upper echelons of business organizations is considered an indication of a problematic relationship between gender and economic decision-making.

The debate continues and evolves. As we learn more about how different strategies led to different outcomes and whether they delivered the desired outcomes, we may expect changes in preferred strategies. Some countries are already reevaluating their approaches.

¹ GMI Ratings <http://www3.gmiratings.com/home/2013/05/gmi-ratings-2013-women-on-boards-survey>.

1.3 Turkey

Capital Markets Board of Turkey (CMBT), the market regulator, adopted a soft law approach to gender diversity by a new ruling in January 2012, which recommended that the listed companies have at least one woman on their boards. The companies largely ignored this recommendation in 2012 board elections. In 2013, CMBT has revised its recommendation by asking the companies to set and disclose a voluntary target level of women on boards, which should not be less than 25%, by a target date they specify.

Our findings presented in Section 3 show that the soft law approach to promote gender diversity did not work in Turkey despite the efforts of various initiatives, including Independent Women Directors Project (IWD), as the overall percentage of women on boards has increased only a few basis points. However, we observe an increase in the ratio of women appointed to independent directorship roles, which suggests that the IWD project might have had an effect on new appointments. This increase is balanced with a decrease in non-executive female directors affiliated with the controlling families. This may be an indication of improvements in the effectiveness of Turkey's corporate boards, but further research is needed to verify this interpretation.

We have conducted an empirical research in 2013 and 2014 by taking advantage of Turkey's electronic general meeting system. Listed companies are required to have electronic general meetings, which would allow all shareholders to participate in the meeting electronically. The set up allows the shareholders to send their questions as an electronic message to the management. Those questions must be answered either during the assembly or within a month following the meeting. Individual investors have bought shares in the companies with all male boards, participated in their electronic annual general meetings and asked the companies to explain their strategy with respect to the gender diversity recommendation of the CMBT. In 2013, 36% of the companies included in our research were not aware of the ruling. This figure was 40% in the 2014 sample. We report "no change" in the level of awareness of companies with respect to the gender diversity recommendations.

Ingibjorg Gisladdottir,
UN Women Regional Director for Europe and Central Asia, Representative to Turkey



"Women make up 24 percent of senior management globally, a proportion which may have been unthinkable in the past. We see now more women as CEOs of companies and managers. However, there are still glass ceilings. We need a lot more representation of women in senior decision-making mechanisms in the work-place. The board of directors is one crucial area where women – as agents of change – can make a difference with a direct voice in setting the corporate agenda. This will advance gender equality in businesses and ensure efficiency by creating a more inclusive corporate culture. It can also make companies more profitable as a study on Fortune 500 companies with track records of raising women to senior positions shows."

INTERNATIONAL DEVELOPMENTS AND TRENDS

Legislative Quotas:

Government quotas, for the number of women required to be in the boardroom, were initially introduced by Norway (%40) in 2003 and was followed by other countries. Some countries (e.g. Norway, France, Italy and Belgium) enacted full-fledged quota legislations for company boards that include sanctions. Some other countries set gender requirements specifically for composition of boards of state-owned companies or municipal and provincial quotas (e.g. Israel, South Africa, Denmark, Finland). Legislative measures are viewed as controversial by many, while others argue that achieving balanced board participation between women and men will be slow without stimulating measures, and specifically quotas. We present here some of the recent developments since our 2013 report.

- **India:** The Companies Act enacted in 2013 mandates that all companies listed on stock exchanges must have at least one woman on its board of directors.
- **Canada:** If enacted, the Boards of Directors Modernization Act, will required companies to have at least %40 men and women on their boards of directors.
- **European Union:** In November 2013, the EU has voted by majority in favour of the proposed mandatory quotas (40%) on the number of women on executive boards.
- **France:** The new bill adopted in July 2014 confirmed the law that requires large companies listed on the stock exchange to have at least 40% female representation on their boards by 2017.

Corporate efforts:

Some companies are also implementing strategies to reduce the gender gap on their boards.

- **Barclays** made a public commitment to increase the representation of women in senior positions from 21% to 26% by 2018. Barclays also has a board diversity policy with a target of achieving 25% female representation on the board of directors by 2015.
- **Lloyds Banking Group** has a public commitment to increase the representation of women in senior management positions to 40% by 2020.

Comply-or-Explain Mechanisms, Voluntary Targets, Enabling Initiatives:

Some countries choose to encourage gender diversity on company through comply or explain mechanisms aligned with corporate governance codes. Comply-or-explain disclosure frameworks allow governments to set targets for listed companies, but also allow them to explain their situation in case of non-compliance. Such approaches are supported mostly as they recognize the unique situation facing individual businesses as opposed to regulatory quotas. Some countries have set voluntary targets for listed companies in the form of recommendations for minimum levels of female board member representation. Efforts to increase women's representation in the boardroom are also supported by governmental, non-governmental and intergovernmental initiatives.

- **Canada:** In 2014, Ontario Securities Commission drafted comply-or-explain rules that will require companies to disclose their targets for the representation of female directors on their executive boards.
- **Netherlands:** According to comply-or-explain quota rules that came into effect in 2013, large companies must strive to have at least 30% of the seats in their board of directors and in their supervisory board held by women, and at least 30% of the seats by men.
- **Germany:** In November 2013, Germany agreed on plans to introduce a 30% quota for supervisory boards of publicly traded companies by 2016 on a comply-or-explain basis.
- **Japan** has a voluntary target for increasing the number of women in executive positions to 30% by 2020.
- **UK** recommends that companies should aim for a minimum 25% female representation by 2015. The 30% Club, a group of chairmen, is voluntarily committed to increasing women's representation in company boards by 2015.
- **Australia:** Australian Institute of Company Directors has a mentoring program for women to achieve greater representation of women on boards. In addition, Women On Boards (WOB) Initiative provides board training programs and classes for women in the corporate line.

Sources: Women on boards Davies Review Annual Report 2014, 2013 Catalyst Census: Fortune 500 Women Board Directors, Catalyst Knowledge Centre, 2014

Mehmet Göçmen,
Chairman, Corporate Governance Association of Turkey



“Women’s participation in economic decision-making processes has become a crucial topic at the global agenda. We, as the Corporate Governance Association of Turkey, believe that a gender-balanced democratic board that works efficiently is key for good corporate governance. “Independent Women Directors Project”, initiated by Sabancı University Corporate Governance Forum and supported by the Swedish Government will play a vital role to raise awareness on this important issue and help women directors to enhance their capabilities.

As a civil society organisation working in this field, we strongly believe that Corporate Governance should be seen as an integral part of the management culture, not a box ticking exercise. Hence, we should encourage higher standards of corporate governance and make sure businesses recognise core principles and exercise their responsibilities.

We are all aware that lack of good governance leads to waste of time, energy, and resources for businesses and society. We know from international trends and our experience that gender-balanced boards can help prevent bad management practices.”

WOMEN ON BOARDS TURKEY IN 2014

In 2014, there were 422 companies listed in BIST, compared to 427 in 2013. Accordingly the number of board seats in 2014 was slightly decreased to 2953 in from 3002 in 2013.

We have accessed the board data on each company from company websites and the Public Disclosure Platform. The data reflects the information disclosed by the companies up until 31 of August 2014.

3.1 Overview of Board Seats

The IWD Project annually reports the progress and trends in the gender diversity of Turkey's corporate boards. The data shows how companies have been responding to the changes in corporate governance regulations that came into effect 2012. According to the new recommendatory rules and principles issued by CMBT, at least 1/3 of the members of board of directors must be independent board members. It is also recommended that companies should aim for a minimum of 25% female representation and report their progress annually.

In response, as seen in Table 3.1, the number of companies without an independent board member has decreased significantly since 2013.

Table 3.1: Overview of companies that have independent directors on their boards in 2014 and 2013

	Number of Companies (#)	
	2014	2013
Companies with 1 independent board member	4	5
Companies with 2 independent board members	313	313
Companies with 3 independent board members	49	40
Companies with 4 independent board members	17	14
Companies with 5 or more independent board members	3	4

In 2014, independent board members held 29.1% of board seats compared to 27.7% in 2013 and 24.3% in 2012. As shown in Table 3.2, while there was an increase in total independent directorships from 2013 to 2014, there was no change in the number of female-held directorships in 2014 compared to 2013. The number of female directorships was 352 in both 2013 and 2014, and the percentage of female-held directorships increased only 0.2% in 2014. **These rates suggest that soft law approach is not effective in the Turkish context.**

Table 3.2: Overview of female-held directorships as a percentage of all BIST board seats and independent female directorships as a percentage of all BIST independent directors in 2014, 2013 and 2012

	2014		2013		2012	
	Number (#)	% of total seats	Number (#)	% of total seats	Number (#)	% of total seats
Total number of board seats	2953	-	3002	-	2766	-
Female-held directorships	352	11.9%	352	11.7%	319	11.5%
Independent directorships	860	29.1%	831	27.7%	673	24.3%

The total number of independent board members increased from 831 to 860 in 2014, as shown in Table 3.3. While there was no change in the total number of female-held directorships, there was a positive change in the ratio of female directorships within the independent directors category. The total number of female directorships on BIST boards was 80 in 2014, an increase from 73 in 2013. There were 29 new independent directorships in 2014, 24% of these new appointments were given to women. These figures suggest that regulations and IWD project had a positive impact on the percentage of new appointments for independent directorships going to women.

Table 3.3: Breakdown of male and female independent directorships on BIST boards in 2014, 2013, and 2012

	2014		2013		2012	
	Number (#)	%	Number (#)	%	Number (#)	%
Total number of independent directorships	860	-	831	-	673	-
Independent female directorships	80	9.3%	73	8.8%	52	7.7%
Independent male directorships	780	90.7%	758	91.2%	621	92.3%

3.2 Overview of BIST Companies with Female Directors

As shown in Table 3.4, 44.5% of BIST companies have not yet appointed female directors as of the cut-off date in 2014. In other words, 190 important companies in the Turkish economy still do not have any women on their boards. The number of companies with a female chair remained the same as last year's results, and the number of companies with two or more female members decreased in 2014, only 6.2% of companies have more than two women on their boards.

Even though there has not been a significant change in the number of female directors in 2014, there has been a considerable change in the number of companies that have independent female directors on their boards. Table 3.4 shows that companies are beginning to appoint professional women to their boards; overall, companies with female independent members have shown an increase from 15.7% in 2013 to 18% in 2014.

Table 3.4: Overview of BIST companies with female directors in 2014, 2013, and 2012

	2014		2013		2012	
	Number (#)	% of companies	Number (#)	% of companies	Number (#)	% of companies
Number of companies	422	-	427	-	412	-
Companies with at least 1 female member	236	55.9%	237	55.5%	218	52.9%
Companies with at least 3 female members	26	6.2%	30	7.0%	25	6.1%
Companies with no female members	186	44.1%	190	44.5%	194	47.1%
Companies with female chair	25	5.9%	25	5.9%	23	5.6%
Companies with female board member CEO	13	3.1%	12	2.8%	20	4.9%
Companies with female independent members	76	18%	67	15.7%	46	11.2%

3.3 Breakdown of Female Directors on BIST Boards

Table 3.5 shows the trends in the numbers of female directors in 2012, 2013, and 2014. While there was no change in the number of female-held directorships in 2014, there has been an increase in the percentage of independent female directorships from 20.7% in 2013 to 22.7% in 2014. We believe that the IWD Project has contributed to this change. Since 2012, the total number of independent women directorships on BIST boards has increased every year.

Table 3.5 further indicates that there has not been a significant change in the number of executive female directorships in 2014. Indeed, there was only a marginal increase in the number of executive female directorships—executive female directors held only 19.3% of all board seats in 2014. Furthermore, the number of female directors who are either affiliated with a controlling family or shareholder has not changed in 2014 compared with 2013; they held 50.9% of all board seats in 2014.

Table 3.5: Overview of female-held directorships on BIST boards in 2014, 2013, and 2012

	2014		2013		2012	
	Number (#)	% of female directors	Number (#)	% of female directors	Number (#)	% of female directors
Female-held directorships	352	-	352	-	319	-
Independent female directorships	80	22.7%	73	20.7%	52	16.3%
Non-executive female directorships	204	58.0%	210	59.7%	191	59.9%
Non-executive female directorships (women either affiliated with the controlling family or shareholder)	133	37.8%	134	38.1%	133	41.7%
Other non-executive female directorships	71	20.2%	76	21.9%	58	18.1%
Executive female directorships	68	19.3%	69	19.6%	76	23.8%
Executive female directorships (women either affiliated with the controlling family or shareholder)	46	13.1%	45	12.8%	44	13.8%
Other executive female directorships	22	6.3%	24	6.8%	32	10.0%
All female directors either affiliated with controlling family or shareholder	179	50.9%	179	50.9%	177	55.5%

3.4 Composition of Board Committees

Table 3.6 provides an overview of committee seats occupied by independent directors. Audit Committee has been mandatory since 2003 whereas Corporate Governance Committee became mandatory in 2012. According to regulations, audit committees must consist of only independent directors whereas only the majority of corporate governance committee members are required to be independent. Nomination and Compensation Committees are required but companies can assign the roles of these committees to the Corporate Governance Committee. The number of seats occupied by independent directors increased in 2014. Additionally, female directors make up 9.5% of committee seats in 2014, an increase from 8.5% in 2013. However, independent

male directors still hold a vast majority of the committee seats in 2014, representing 90.5% of all seats.

Table 3.6: Overview and breakdown of independent members on board committees in 2014 and 2013

Percentages and numbers have been calculated based on data from 384 companies (out of 422) that have identified or disclosed their committees up until 31 August 2014.

	2014		2013	
	Number (#)	%	Number (#)	%
Seats occupied by independent directors on committees	800	-	714	-
Independent female directors on committees	76	9.5%	61	8.5%
Independent male directors on committees	724	90.5%	653	91.5%
Seats occupied by independent directors on audit committees	728	-	648	-
Independent female directors on audit committees	69	9.5%	53	8.2%
Independent male directors on audit committees	659	90.5%	595	91.8%
Seats occupied by independent directors on corporate governance committees	505	-	428	-
Independent female directors on corporate governance committees	45	8.9%	30	7.01%
Independent male directors on corporate governance committees	460	91.1%	398	93.0%
Seats occupied by independent directors on risk committees	422	-	-	-
Independent female directors on risk committees	39	9.2%	-	-
Independent male directors on risk committees	383	90.8%	-	-

The number of audit committee seats occupied by women members has increased from 59 in 2013 to 73 in 2014 (Table 3.7). Out of 73 female directors sitting on audit committees in 2014, four are not independent members. Female independent directors are more likely to be represented in committees: 95% of the independent women directors sit on committees whereas only 84% of male directors are on committees.

Table 3.7: Women on board committees in 2014, 2013, and 2012

Percentages and numbers have been calculated based on data from 384 companies (out of 422) that have identified or disclosed their committees up until 31 August 2014.

	2014		2013		2012
	Number (#)	% of total committee seats	Number (#)	% of total committee seats	Number (#)
Total number of Audit Committee Seats	778	-	707	-	-
Audit Committee Seats Occupied by Female Directors	73	9.4	59	8.4%	54
Audit Committee Seats Occupied by Independent Directors	728	-	648	91.7%	-
Audit Committee Seats Occupied by Independent Female Directors	69	9.5	53	7.5%	-
Total number of Corporate Governance Committee Seats	892	-	793	-	-
Corporate Governance Committee Seats Occupied by Female Directors	95	10.7	80	10.1%	65
Corporate Governance Committee Seats Occupied by Independent Directors	505	-	428	54.0%	-
Corporate Governance Committee Seats Occupied by Independent Women Directors	45	8.9	30	3.8%	-

Table 3.7 also shows that women are slightly better represented in Corporate Governance Committees compared to Audit Committees: 10.7% of Corporate Governance Committee seats are occupied by female directors in comparison to 9.4% of Audit Committee seats. Furthermore, there was an increase in the percentage of Corporate Governance Committee seats occupied by independent female directors from 3.8% in 2013 to 4.7% in 2014. Less than half of the female directors sitting on Corporate Governance Committees are independent members.

Banks are subject to different regulations in Turkey with respect to mandatory board committees. In addition to the Audit and Corporate Governance Committees, banks must have a Credit Committee. Table 3.8 shows that the representation of women in Credit Committees of banks is only 9.2%. The total number of credit committee seats increased in 2014, the number of women in credit committees increased by only a single seat. We do not report the independent directors in Credit Committees for banks since corporate governance regulations categorize all credit committee members as independent regardless of their compliance with the independence criteria that is applicable to all other companies.

Table 3.8: Women on credit committees (banks only) in 2014 and 2013

Percentages and numbers have been calculated based on data from 389 companies (out of 427) that have identified their committees as of 31 August 2014.

	2014		2013	
	Number (#)	% of total Credit committee seats	Number (#)	% of total Credit committee seats
Total number of Credit Committee Seats	65	-	54	-
Credit Committee Seats Occupied by Women	6	9.2%	5	9.3%

Table 3.9 demonstrates that women directors are increasingly likely to serve as chairs on Corporate Governance Committees, Audit Committees, and Risk Committees. The percentage of women holding committee chair seats has increased year by year. However, women are still less likely to serve as Risk Committee chairs in banks.

Table 3.9: Overview of female directorships as a percentage of all BIST board seats and independent female directorships as a percentage of all BIST independent directors in 2014, 2013, and 2012

Percentages and numbers have been calculated based on data from 389 companies (out of 427) that have identified their committees as of 31 August 2014.

	2014		2013		2012	
	Number (#)	% of companies	Number (#)	% of companies	Number (#)	% of companies
Number of companies	422	-	353	-	412	-
Companies with a Female Audit Committee Chair	26	6.2%	20	5.7%	18	4.4%
Companies with a Female Corporate Governance Committee Chair	22	5.2%	14	4.0%	11	2.7%
Companies with a female credit committee Chair (for banks only)	1	4.0%	0	0%	-	-
Companies with a female risk committee chair	22	5.2%	-	-	-	-

3.5 New Appointments

Table 3.10 provides an overview of the changes in new appointments and resignations of women on boards. Of the 85 new female appointees to the BIST boards, more than half were appointed to non-executive directorships.

Resignation figures show that most of the female directors who have resigned have been affiliated with the controlling families.

Table 3.10: New Appointments and Resignations in 2014

	2014	
	Number (#)	%
APPOINTMENTS		
Change in total number of directorships in BIST	-49	-
New female board appointments	85	-
New independent female appointments	24	28.2%
New non-executive female appointments	49	57.7%
New executive female appointments	12	14.1%
New female appointments (women either affiliated with the controlling family or shareholder)	33	-
New executive female appointments (women either affiliated with the controlling family or shareholder)	6	18.2%
New non-executive female appointments (women either affiliated with the controlling family or shareholder)	27	81.8%
RESIGNATIONS		
Female board resignations	85	-
Independent female resignations	16	18.8%
Non-executive female resignations	55	64.7%
Executive female resignations	14	16.5%
Female resignations (women either affiliated with the controlling family or shareholder)	38	-
Executive female resignations (women either affiliated with the controlling family or shareholder)	8	21.1%
Non executive female resignations (women either affiliated with the controlling family or shareholder)	30	78.9%
NET INCREASE IN FEMALE DIRECTORS	0	0%

3.6 Trends in BIST-100

The changes in the representation of women in the largest listed companies in Turkey, included in BIST-100 index, are presented in Table 3.11. As listed below, the percentage of women on boards has decreased from 11.25% in 2013 to 10.32% in 2014. There was no significant change in the percentages of BIST-100 companies with one or more female members on their boards in 2014.

Table 3.11: Changes to the ratio of women in BIST 100 companies between 2008–2014

	2014	2013	2012	2011	2010	2009	2008
Women on Boards	10.32%	11.25%	10.02%	10.88%	9.82%	8.77%	8.63%
Companies with at least 1 female member	62	63	54	-	-	-	-
Companies with at least 3 female members	6	9	6	-	-	-	-
Companies with no female members	38	37	46	-	-	-	-
Companies with female chair	7	7	7	-	-	-	-

3.7 Women and Men holding Multiple Directorships

According to 2014 data, 273 women hold 352 directorships on BIST boards. The percentage of women holding multiple directorships is 19.4% (53 out of 273), and the percentage of men holding multiple directorships is 17.5% (360 out of 2053). Compared with 2013 (17.9%), women held more multiple directorships in 2014.

Table 3.12: Women and men holding multiple directorships in 2014

	Total directorships	No of individuals	1 seat	2 seats	3 seats	4 seats	5 seats	6 seats	7 seats	8 seats
All directors	2953	2326	1913	280	84	25	19	3	1	1
Male directors	2601	2053	1693	242	77	19	18	2	1	1
Female directors	352	273	220	38	7	6	1	1	-	-

3.8 Female Directors in Different Industries

Table 3.8 presents an overview of women serving on BIST company boards in different sectors. It makes little sense to draw conclusions for industries in which less than a dozen listed companies are operating (e.g. mining; agriculture, wood products and fishing etc.). For the remaining sectors there is no significant difference in women's representation on boards between different industries, where the sector has more than 30 companies.

Table 3.13: Female directors in different industries in 2014

	Total # of companies		Companies with female directors		Total # of directorships		Female directorships	
	#	#	#	%	#	#	%	
Education, Health, Sports and Other Social Services	5	0	0	0%	36	0	0	
Electricity Gas and Water	5	4	80%		35	5	14.3%	
Energy	1	0	0%		12	0	0%	
Administrative and Support Services	2	1	50%		11	2	18.2%	
Manufacturing Industry	189	106	56.1%		1306	150	11.5%	
Construction and Public Works	8	2	25%		49	3	6.1%	
Mining	5	4	80%		34	5	14.7%	
Financial Institutions	140	83	59.3%		1018	133	13.1%	
Professional, Scientific, and Technical Activities	1	1	100%		4	1	25%	
Agriculture, Wood Products and Fishing	4	3	75%		22	7	31.8%	
Technology and Defence	16	8	50%		107	13	12.2%	
Wholesale and Retail Trade, Hotels and Restaurants	35	20	57.1%		238	29	12.2%	
Transportation, Telecommunication, and Storage	11	4	36.4%		81	4	4.9%	

Edwin Smelt,
Co-Chair of the Diversity Council, Egon Zehnder



“There is encouraging news in the 2014 Egon Zehnder European Board Diversity Analysis, which found that only 7.6% of the more than 350 large company European boards studied include no women members (as contrasted with the 32.2% with no women members in 2006). Further, in 2014 more than 20% of the directors on European boards are female.

In Turkey, we found that 10.8% of large company board positions are held by women, which is just below the global average of more than 550 large company boards Egon Zehnder studied worldwide, as a basis for comparison. Clearly there is much work yet to be done – everywhere!

As we partner with boards in Turkey, across Europe, and around the world, we see a growing recognition that diversity of viewpoints, backgrounds, and perspectives is an essential strategic advantage in the global economy. To more fully realize the tangible benefits of diversity, everyone must broaden their horizons, actively seeking enhanced understanding and fresh collaborations for mutual advantage. CEOs in particular must lead the way to recruit, retain and integrate female top talent in organizational cultures that have only begun to change.

Egon Zehnder is proud to be a partner of the Independent Women Directors (IWD) project and an active participant in Turkey's pursuit of diversity, working from our office in Istanbul, opened in 1989, strategically situated at the crossroads of East and West”

WOMEN EMPOWERMENT INDEX

Most research on female directors report women on boards as a percentage of total number of directors. Global statistics reported by various research institutes (e.g. Catalyst, CWDI and GMI) are based on different and generally very small sample sizes and comparisons between countries must be read with caution.

In presenting statistics on women on boards in Turkey, we use the same methodology (with a minor revision)¹ as in 2013 explained below.

4.1 Classifying Women Directors

First of all, we differentiate female directors who sit on the boards as direct shareholders or representatives of controlling families from professional female directors. In many cases, the controlling family, based on family constitution or tradition, identifies the members who would represent the family on the board. Those nominations are primarily based on inheritance rights, not on merit and qualifications and selection is from a small pool of family members. Although there may be a bias towards male heirs and presence of women on the boards contributes to the boards' gender diversity, the concept of "glass ceiling" in Turkey refers predominantly to professional women. Therefore we classify woman directors as:

- Directors who are members of the controlling families in family controlled firms, and/or directors who are direct shareholders
- Professional directors

Furthermore, we classify all woman directors in accordance with the applicable laws and regulations in Turkey as:

- Executive
- Non-executive (but not independent)
- Independent

Non-executive directors may not qualify for independence when they are affiliated with the controlling shareholders, when they hold significant percentage of shares in the firm, or when they are professionals affiliated with other firms if the firm belongs to a business group.

4.2 Calculating Diversity

We are interested in "diversity" as well "female presence". Therefore, we measure gender diversity using Blau's (1977) index of heterogeneity. For gender diversity, Blau's index can range from zero (when there is only one gender on the board) to 0.50 (when

¹ The main difference from 2013 calculation is the expansion of Chair Power variable to include female CEOs as well as female chairs.

there are equal numbers of men and women). Gender Diversity Index (GDI) values of BIST companies, including only national market and BIST 100, are presented in Appendix A and the top scoring companies are listed in Table 4.1.

4.3 Calculating Power

We take into consideration not only the presence but also the influence of women on boards. Power represents the ability to exert influence on decision-making. We define five sources of comparative power as 'influence variables' adopted from Finkelstein's taxonomy (1992):

- Presence of Women: W (percentage of female directors on the board)
- Committee Membership: WBC (percentage of seats occupied by women in all board committees)
- Professional Authority: WP (percentage of female directors among all professional directors - professional directors exclude family members and shareholders)
- Independence Power: WI (percentage of independent female directors among all independent directors)
- Chair/CEO Power: WC (percentage of women in chair and CEO positions - this variable takes the value of 0 if the chair and the CEO are male, 0.5 if the CEO is on the board and either the CEO or the chair is a woman, 1 if the chair is female where the CEO is not on the board or both the CEO and the chair are female where the CEO is on the board)

We also refer to previous research (Kramer, Konrad and Erkut 2006) and use an adjustment variable for boards with more than two female directors by deducting two from total number of female directors and dividing it by the number of board members: (W-2)/N where N 's the number of board members.

We then define Women Empowered Board Index (WEBI) as follows:

$$\text{WEBI} = a (\%W) + b (\%WBC) + c (\%WP) + d (\%WI) + e (\%WC) + f (W-2) / N$$

There is no prior research that we can use to assign weights to each of the variables representing influence. In the absence of any precedence, we used a quasi mini-Delphi method to estimate the weights of each variable by asking IWD Project's Advisory Board members (experts in board processes) their opinions in 2013 and we will continue calculating two indices:

- WEBI: By giving equal weight of one to all variables (a=b=c=d=e=f=1)
- WEBI-A: By assigning a weight to each variable equal to the average of 8 experts' proposed weights.

For brevity, we only report WEBI and omit WEBI-A. In our future work, we intend to estimate the coefficients by empirical research and compare values we calculated by mini-Delphi method.

We present GDI and WEBI values together with the percentage of women on board for each BIST company with at least one female director, in Appendix A.

Table 4.1: Top 10 companies in Gender Diversity Index (GDI) using Blau's Heterogeneity Index

Rank	Company	Value
1	ALCATEL LUCENT TELETAŞ TELEKOMÜNİKASYON	0.50
2	DOĞAN ŞİRKETLER GRUBU HOLDİNG	0.49
3	MUTLU YATIRIM PROJE VE GAYRİMENKUL GELİŞTİRME	0.49
4	TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.	0.48
5	TURCAS PETROL A.Ş.	0.48
6	MARTI OTEL İŞLETMELERİ A.Ş.	0.48
7	DERİMOD KONFEKSİYON AYAKKABI DERİ SANAYİ VE TİCARET	0.48
8	BURÇELİK BURSA ÇELİK DÖKÜM SANAYİİ	0.48
9	BURÇELİK VANA SANAYİİ VE TİCARET	0.48
10	CREDITWEST FACTORİNG	0.48

Table 4.2: Top 10 companies in Women Empowered Board Index (WEBI)

Rank	Company	Value
1	TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.	2.95
2	TURCAS PETROL A.Ş.	2.77
3	MARTI OTEL İŞLETMELERİ A.Ş.	2.69
4	BURÇELİK BURSA ÇELİK DÖKÜM SANAYİİ	2.42
5	BURÇELİK VANA SANAYİİ VE TİCARET	2.42
6	CREDITWEST FACTORİNG	2.23
7	ALCATEL LUCENT TELETAŞ TELEKOMÜNİKASYON	2.16
8	MERKO GIDA SANAYİ VE TİCARET A.Ş.	1.91
9	LOGO YAZILIM SANAYİ VE TİCARET A.Ş.	1.87
10	HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.	1.83

Table 4.3: Top 10 companies with the highest percentage of women on board

Rank	Company	%
1	BURÇELİK BURSA ÇELİK DÖKÜM SANAYİİ	60
2	BURÇELİK VANA SANAYİİ VE TİCARET	60
3	DOĞAN ŞİRKETLER GRUBU HOLDİNG	55
4	ALCATEL LUCENT TELETAŞ TELEKOMÜNİKASYON	50
5	MUTLU YATIRIM PROJE VE GAYRİMENKUL GELİŞTİRME	44
6	TÜRK TUBORG BİRA VE MALT SANAYİİ A.Ş.	42
7	TURCAS PETROL A.Ş.	42
8	MARTI OTEL İŞLETMELERİ A.Ş.	42
9	DERİMOD KONFEKSİYON AYAKKABI DERİ SANAYİ VE TİCARET	42
10	CREDITWEST FACTORİNG	40

Table 4.4: Companies that have more than the minimum target level of 25% women on board

Company	%
BURÇELİK BURSA ÇELİK DÖKÜM SANAYİİ	60
BURÇELİK VANA SANAYİ VE TİCARET	60
DOĞAN ŞİRKETLER GRUBU HOLDİNG	55
ALCATEL LUCENT TELETAŞ TELEKOMÜNİKASYON	50
MUTLU YATIRIM PROJE VE GAYRİMENKUL GELİŞTİRME	44
TÜRK TUBORG BİRA VE MALT SANAYİİ	42
TURCAS PETROL	42
MARTI OTEL İŞLETMELERİ	42
DERİMOD KONFEKSİYON AYAKKABI DERİ SANAYİ VE TİCARET	42
CREDITWEST FACTORİNG	40
KÜTAHYA PORSELEN	40
ERSU MEYVE VE GIDA SANAYİ	40
MERKO GIDA SANAYİ VE TİCARET	33
LOGO YAZILIM SANAYİİ VE TİCARET	33
HÜRRİYET GAZETECİLİK VE MATBAACILIK	33
DENİZLİ CAM SANAYİ VE TİCARET	33
BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI	33
TEKSTİLBANK	33
HACI ÖMER SABANCI HOLDİNG	33
KARAKAŞ ATLANTİS KIYMETLİ MADENLER KUYUMCULUK TELEKOMÜNİKASYON SANAYİ VE TİCARET	33
KOZA ALTIN İŞLETMELERİ	33
TEK-ART İNŞAAT TİCARET TURİZM SANAYİ VE YATIRIMLAR	28
PINAR ENTEGRE ET VE UN SANAYİİ	28
PINAR SU SANAYİ VE TİCARET	28
PINAR SÜT MAMULLERİ SANAYİİ	28
PLASTİKKART AKILLI KART İLETİŞİM SİSTEMLERİ SANAYİ VE TİCARET	28
BOYNER BÜYÜK MAĞAZACILIK	28
EMEK ELEKTRİK ENDÜSTRİSİ	28
YATAS YATAK VE YORGAN SANAYİİ	28
GÖLTAŞ GÖLLER BÖLGESİ ÇİMENTO SANAYİ VE TİCARET	28
AKIN TEKSTİL	28
ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET	28
ANEL TELEKOMÜNİKASYON ELEKTRONİK SİSTEMLERİ	28
GERSAN ELEKTRİK TİCARET VE SANAYİ	28
YAPI VE KREDİ BANKASI	25
AKSA ENERJİ	25

PROJECT OUTCOME AND CONCLUSION

5.1 Project Outcome

This report summarizes the changes in the directorships held by women in the boards of companies listed in BIST since 2012 January, when the capital markets regulator CMBT amended its'

Corporate Governance Principles to recommend inclusion of at least one female director in listed companies' boards. IWD project was launched in response to BIST companies' ignorance of CMBT's recommendation as observed during the 2012 and 2013 general meetings and to help listed companies find suitable female candidates for independent directorship positions. CMBT revised its recommendation in 2013 to make it more flexible. According to the amended version of the Principles, listed companies are recommended to set their own gender diversity targets and target dates for a minimum of 25% female representation on their boards, and report their progress annually. The analysis presented in Section 4 shows that neither the initial 2012 version nor the more flexible 2013 version was sufficient to improve the gender diversity of Turkey's boards. **In the second year of the project, after observing that the female representation on boards has risen year after year by only a few basis points, we conclude that there is a thick glass ceiling in Turkey that prevent women from reaching board directorship positions.**

Since we launched the project, we used three methods in order to understand the reasons behind the lack of improvement in gender diversity in corporate boards:

- We had discussions with the chairman of the board or the CEO of companies that have all-male boards to understand the obstacles to improving gender diversity in their boards and offer support to find suitable female candidates,
- We analyzed the mandatory Corporate Governance Compliance Reports to understand whether the companies have complied with the relevant recommendations and have set diversity targets,
- We engaged with concerned citizens who bought shares and participated in annual general assemblies of companies with all-male boards by means of the Electronic General Meeting Platform (e-GEM) and asked questions about their board diversity policies and their compliance with the CMBT's recommendations.

Our conclusion based on the discussions we held with the chairmen and CEOs since we initiated the Project is that the main obstacle in improving gender diversity in boards is the insider-dominated nature of the boards in Turkey. **The members of insider-dominated boards rarely change as board seats are predominantly occupied by representatives of the controlling shareholders and their trusted affiliates. Male or female, there is simply no room for outsiders in these entrenched boards.** While introduction of a mandatory quota for independent directors in 2012 created some space for professional directors, the appointments led to dilution of women even further with the addition of predominantly male independent directors as we have reported in our 2013 report. Furthermore, formally or informally staggered boards prevent rejuvenation of

the boards. Even in the case of companies with by-laws that require the board stand for elections every year, the tradition/norm is to invite the outsiders for at least a three-year term on the basis of a gentlemen's agreement. **The openings in the boards in the future are likely to be for independent director positions when current directors lose their independence – that is in 2018: 6 years after the ruling for independent directors, as the legal limit for maintaining independence is 6 years.**

We observe that most companies still lack a formal nomination process. Independent directors are invited to join the board on the basis of familiarity and/or social ties. Our observations suggest that the 2012 amendments in the Corporate Governance Principles, which also mandate establishment of nomination committees, were very timely, but poorly implemented.

The analysis of the mandatory Corporate Governance Compliance Reports reveals that very few companies have set targets in compliance with the CMBT recommendations. There were no companies that reported targets above the minimum 25% and companies that set targets have not specified target dates.

The results of the information provided to us by the individual investors who participated in the electronic general assemblies showed that companies are sensitive to investor requests. The ratio of companies that appointed a female director the first time in 2014 was higher in the sample group that received questions from the investors in 2013 compared to those that did not. The companies included in the 2013 sample also provided more meaningful and positive answers to the questions on diversity in 2014 even if they did not appoint a female director, compared to those who were included in the experiment for the first time in 2014.

5.2 Soft Law Approach to Corporate Governance, Compliance with Codes

Most regulators in developing countries rely on market pressure to push the governance quality of companies higher. The difficulties in changing and enforcing law, and the inevitable political battles associated with legal processes encourage governments and regulators to rely primarily on voluntary improvements based on "Comply or Explain" approach that has been successful in some countries but has delivered limited results where the institutional investors do not have the power and incentives to monitor. Ararat (2011) reports that the approach had limited success in Turkey; companies choose to comply with provisions that are mandatory and easy or less costly for the controlling shareholders¹. Recommendations that are related to control rights are largely disregarded. The empirical research shows that compliance has been improving at a relatively low rate but had a significant improvement in 2012 after the CMBT changed some of the recommendations into mandatory provisions².

¹ Ararat, M. 2011. 'Comply or Explain' without consequences, the Case of Istanbul Stock Exchange', 2. ed. Handbook on International Corporate Governance, ed. C. Mallin, Edward Elgar, Cheltenham-UK, Northampton- USA.

² Ararat, M., Black, B, and Yurtoglu, B. B. (2013) Corporate Governance, Business Groups, and Market Value: Evidence from Turkey. Working Paper. Mimeo.

In Turkey foreign institutional investors own around 65% of traded shares whereas local institutional investors own a very small amount, around 4.4%. On the other hand, very few international investors own more than a few percent of the shares in any one company (IFC, 2010) that would justify monitoring. Hence investor activism is hardly a significant factor in changing corporate governance, especially when one considers the low floatation rates at around 30%. However, the regulations that mandate the presence of investor relations departments staffed with certified corporate governance experts in all listed companies helped creating an awareness around investor concerns at the board level. Although we have no evidence of any pressure from international institutional investors for gender diversity in the boards, our experimental research provide some evidence that boards would respond positively to demands for gender diversity. The first evidence is quantitative: 13% of the companies that received a question on board's gender diversity policies during the electronic general assemblies in 2013 have nominated one or more woman to the board in 2014 compared to 8% that did not receive such a question in 2013. The second evidence is qualitative. We classified the responses to investors' diversity related questions into three categories; defensive, neutral and positive. The companies that did not appoint a woman to the board in 2014 but had been asked a question about their policy on board diversity in 2013 had more neutral or positive responses than defensive, compared to those companies that faced such a question for the first time.

Unfortunately, Turkey's local institutional investors have a tradition of not participating in general assemblies (CGFT, 2014)¹. Some international institutional investors with significant percentage of shares in BIST companies use proxy services, but rarely ask questions. Anecdotal evidence suggests international institutional investors rarely take issue with the homogenous nature of the boards in Turkey although there are exceptions. Our experiment revealed that investors would be the most effective force in encouraging board diversity, however it is unlikely that we will see significant investor action in the near future.

5.3 The Way Forward

When the project was launched in 2012, our objective was to achieve 25% female representation on Turkey's corporate boards on average and at least one woman in every board by 2016. We have come to the conclusion that these objectives are not attainable based on the current legal strategies. Hence intervention would be required for any significant improvement in the gender balance of corporate boards. Voluntary private initiatives that were effective in some markets such as the UK, or the soft law approaches that were successful in the US, do not seem to deliver results in Turkey. Our efforts in 2015 shall include working together with political parties, the government and the regulator to investigate the feasibility of legally binding gender quotas for corporate boards. We are optimistic about the likelihood of legally binding quotas in Turkey since Parliamentary Constitutional Conciliation Committee has already reached a consensus on the principle that gender quotas are legitimate instruments for achieving gender equality. We believe inclusion of professional posts as targets of gender quota provide a legal basis for legally binding gender quotas for corporate boards.

¹ Ararat, M., Suel, E., Yurtoglu, B.B., 2014, Sustainable Development in Turkey: The Case in Context - An Update

Constitution of Turkey, Article 10: Equality Before the Law

Everyone is equal before the law without distinction as to language, race, colour, sex, political opinion, philosophical belief, religion and sect, or any such grounds.

(Paragraph added on May 7, 2004; Act No. 5170) Men and women have equal rights. The State has the obligation to ensure that this equality exists in practice. (Sentence added on September 12, 2010; Act No. 5982) Measures taken for this purpose shall not be interpreted as contrary to the principle of equality.

(Paragraph added on September 12, 2010; Act No. 5982) Measures to be taken for children, the elderly, disabled people, widows and orphans of martyrs as well as for the invalid and veterans shall not be considered as violation of the principle of equality.

No privilege shall be granted to any individual, family, group or class.

State organs and administrative authorities are obliged to act in compliance with the principle of equality before the law in all their proceedings.

Draft Constitution, Related Paragraphs of Article 3 on Equality, Constitutional Conciliation Committee

5. Men and women have equal rights. Measures taken for this purpose shall not be interpreted as contrary to the principle of equality. The State has the obligation to ensure that this equality exists in practice and to prevent violent and abusive behaviour directed at women.

6. The State takes precautions to remove obstacles for and all types of discrimination against women's exercise of rights and freedoms in political, economic and cultural spheres.

7. It takes specific action, including gender quotas, to ensure women's equal participation in Parliament, central organs and provincial organisations of political parties, administrative organs of universities and trade unions, provincial councils, public official positions and posts taking up duty with all kind of elections such as in councils of metropolitan and provincial municipalities, as well as in all administrative and judicial bodies and professional positions.

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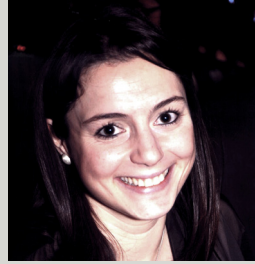
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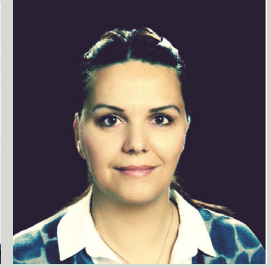
NUR GER
TUSİAD



EBRU KÖKSAL
Galatasaray Sports Club



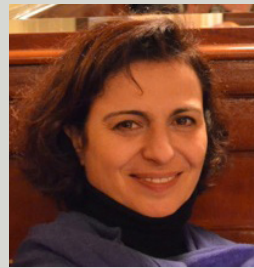
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Kurtsan Group Companies



HALE TURGAY ORUÇ
Capital Markets Board of Turkey



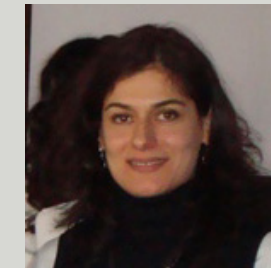
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APPENDIX A: GENDER DIVERSITY INDEX, WOMEN EMPOWERED BOARDS INDEX, AND RATIO OF FEMALE DIRECTORS IN BIST COMPANY BOARDS

Company	Gender Diversity Index Value	Women Empowered Index Value	Ratio of Female Directors on the Board
ADEL KALEMCİLİK	0.35	0.30	0.23
AFYON ÇİMENTO	0.27	0	0.16
AKBANK	0.18	0.71	0.1
AKFEN HOLDİNG	0.27	0.25	0.16
AKIN TEKSTİL	0.4	0.28	0.28
AKSA AKRİLİK	0.15	0	0.08
AKSA ENERJİ	0.37	1.8	0.25
AKSİGORTA	0.21	0.12	0.12
ALARKO CARRİER	0.27	1.12	0.16
ALARKO HOLDİNG	0.19	0	0.11
ALCATEL LUCENT TELETAŞ TELEKOMİNİKASYON	0.5	2.16	0.5
ALKİM ALKALİ KİMYA	0.19	0	0.11
ALKİM KAĞIT	0.34	0.22	0.22
ANADOLU CAM SANAYİ	0.27	0.46	0.16
ANADOLU İSUZU	0.33	0.28	0.21
ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET	0.4	0.28	0.28
ANEL TELEKOMİNİKASYON ELEKTRONİK SİSTEMLERİ	0.4	0.28	0.28
ARÇELİK	0.15	0.08	0.08
AYEN ENERJİ	0.24	0	0.14
AYGAZ	0.19	0.62	0.11
BAGFAŞ	0.24	0.11	0.14
BANVİT BANDIRMA VİTAMİNLİ YEM SANAYİ	0.24	0.16	0.14
BATIÇİM BATI ANADOLU ÇİMENTO SANAYİ	0.29	0.18	0.18
BATISÖKE SÖKE ÇİMENTO SANAYİİ	0.29	0.18	0.18
BİMEKS BİLGİ İŞLEM VE DIŞ TİCARET	0.19	0.87	0.11
BOLU ÇİMENTO SANAYİİ	0.24	0.14	0.14
BORUSAN YATIRIM VE PAZARLAMA	0.24	0	0.14
BOSSA TİCARET VE SANAYİ İŞLETMELERİ	0.24	0.28	0.14
BOYNER BÜYÜK MAĞAZACILIK	0.4	1.11	0.28
BOYNER PERAKENDE VE TEKSTİL YATIRIMLARI	0.44	1.61	0.33
BRİSA BRİDGESTONE SABANCI LASTİK SANAYİ VE TİCARET	0.16	0.5	0.09
BURÇELİK BURSA ÇELİK DÖKÜM SANAYİİ	0.48	2.42	0.6
BURÇELİK VANA SANAYİ VE TİCARET	0.48	2.42	0.6
CARREFOURSA CARREFOUR SABANCI TİCARET MERKEZİ	0.15	0.22	0.08
ÇELEBİ HAVA SERVİSİ	0.21	0.16	0.12
ÇİMSA ÇİMENTO SANAYİ VE TİCARET	0.27	0	0.16
CREDITWEST FAKTORİNG	0.48	2.23	0.4
DEMİSAŞ DÖKÜM EMAYE MAMULLERİ SANAYİ	0.24	1.16	0.14
DENİZLİ CAM SANAYİ VE TİCARET	0.44	1.7	0.33
DERİMOD KONFEKSİYON AYAKKABI DERİ SANAYİ VE TİCARET	0.48	0.97	0.42
DEVA HOLDİNG	0.32	0.5	0.2
DİTAŞ DOĞAN YEDEK PARÇA İMALAT VE TEKNİK	0.24	0.30	0.14

Company	Gender Diversity Index Value	Women Empowered Index Value	Ratio of Female Directors on the Board
DOĞAN SİRKETLER GRUBU HOLDİNG	0.49	1.58	0.55
DOĞAN YAYIN HOLDİNG	0.27	0.5	0.16
DOĞTAŞ KELEBEK MOBİLYA SANAYİ VE TİCARET	0.27	0.25	0.16
DOĞUŞ OTOMOTİV SERVİS VE TİCARET	0.34	0.92	0.22
DYO BOYA FABRİKALARI SANAYİ VE TİCARET	0.24	0	0.14
ECZACIBAŞI YAPI GEREÇLERİ SANAYİ VE TİCARET	0.19	0.12	0.11
ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI	0.34	1.67	0.22
EGE ENDÜSTRİ VE TİCARET	0.24	0.2	0.14
EGE GÜBRE SANAYİ	0.24	0	0.14
EİS ECZACIBAŞI İLAÇ SİNİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET	0.27	0.39	0.16
EMEK ELEKTRİK ENDÜSTRİSİ	0.4	0.7	0.28
EREĞLİ DEMİR ÇELİK FABRİKALARI	0.19	0.11	0.11
ERSU MEYVE VE GIDA SANAYİ	0.48	1.73	0.4
ESCORT TEKNOLOJİ YATIRIM	0.32	0	0.2
FİNANSBANK	0.15	0.08	0.08
GERSAN ELEKTRİK TİCARET VE SANAYİ	0.4	0.28	0.28
GLOBAL YATIRIM HOLDİNG	0.24	0.1	0.14
GÖLTAŞ GÖLLER BÖLGESİ ÇİMENTO SANAYİ VE TİCARET	0.4	0.48	0.28
GOODYEAR LASTİKLERİ	0.24	0.32	0.14
GSD DENİZCİLİK GAYRİMENKUL İNŞAAT SANAYİ VE TİCARET	0.27	1.12	0.16
GSD HOLDİNG	0.19	0.95	0.11
HACI ÖMER SABANCI HOLDİNG	0.44	1.19	0.33
HEKTAŞ TİCARET	0.24	0.14	0.14
HÜRRİYET GAZETECİLİK VE MATBAACILIK	0.44	1.83	0.33
İHLAS EV ALETLERİ İMALAT SANAYİ VE TİCARET	0.24	0.45	0.14
İNDEKS BİLGİSAYAR SİSTEMLERİ MÜHENDİSLİK SANAYİ VE TİCARET	0.19	0.2	0.11
İPEK DOĞAL ENERJİ KAYNAKLARI ARAŞTIRMA VE ÜRETİM	0.27	0	0.16
İŞ FİNANSAL KİRALAMA	0.16	0.09	0.09
İŞIKLAR ENERJİ VE YAPI HOLDİNG	0.24	0.31	0.14
İZOCAM	0.24	0.73	0.14
KARAKAŞ ATLANTİS KIYMETLİ MADENLER KUYUMCULUK TELEKOMİNİKASYON SANAYİ VE TİCARET	0.44	0.5	0.33
KARSAN OTOMATİV SANAYİ VE TİCARET	0.24	0	0.14
KARTONSAN KARTON SANAYİ VE TİCARET	0.32	0.84	0.2
KEREVİTAŞ GIDA SANAYİ VE TİCARET	0.24	1.08	0.14
KOÇ HOLDİNG	0.12	0.06	0.06
KONYA ÇİMENTO SANAYİ	0.15	0.08	0.08
KORDSA GLOBAL ENDÜSTRİYEL İPLİK VE KORD BEZİ SANAYİ VE TİCARET	0.24	0.42	0.14
KOZA ALTIN İŞLETMELERİ	0.44	0.33	0.33
KOZA ANADOLU METAL MADENCİLİK İŞLETMELERİ	0.27	0	0.16
KÜTAHYA PORSELEN	0.48	1.73	0.4
LİNK BİLGİSAYAR SİSTEMLERİ YAZILIMI VE DONANIMI SANAYİ VE TİCARET	0.32	1.5	0.2
LOGO YAZILIM SANAYİ VE TİCARET	0.44	1.87	0.33
MARMARİS ALTINYUNUS TURİSTİK TESİSLER	0.27	1	0.16
MARSHALL BOYA VE VERNİK SANAYİ	0.32	1.2	0.2
MARTI OTEL İŞLETMELERİ	0.48	2.69	0.42
MERKO GIDA SANAYİ VE TİCARET	0.44	1.91	0.33
METRO TİCARİ VE MALİ YATIRIMLAR HOLDİNG	0.27	0	0.16
MONDİ TİREKUTSAN KAĞIT VE AMBALAJ SANAYİ	0.27	1.16	0.16

Company	Gender Diversity Index Value	Women Empowered Index Value	Ratio of Female Directors on the Board
MUTLU YATIRIM PROJE VE GAYRİMENKUL GELİŞTİRME	0.26	0.15	0.15
NET HOLDİNG	0.26	0.15	0.15
NET TURİZM TİCARET VE SANAYİ	0.19	0.25	0.11
OLMUKSAN INTERNATIONAL PAPER AMBALAJ SANAYİ VE TİCARET	0.27	0.16	0.16
OMV PETROL OFİSİ	0.32	0.9	0.2
ÖZBAL ÇELİK BORU SANAYİ TİCARET VE TAAHHÜT	0.27	0	0.16
PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET	0.19	0.25	0.11
PİMAŞ PLASTİK İNŞAAT MALZEMELERİ	0.32	0.2	0.2
PINAR ENTEGRE ET VE UN SANAYİİ	0.4	1.28	0.28
PINAR SU SANAYİ VE TİCARET	0.4	1.28	0.28
PINAR SÜT MAMULLERİ SANAYİİ	0.4	1.28	0.28
PLASTİKKART AKILLI KART İLETİŞİM SİSTEMLERİ SANAYİ VE TİCARET	0.4	1.19	0.28
REYSAŞ TAŞIMACILIK VE LOJİSTİK TİCARET	0.24	0	0.14
SANKO PAZARLAMA İTHALAT İHRACAT	0.24	0.14	0.14
SARKUYSAN ELEKTROLİTİK BAKIR SANAYİ VE TİCARET	0.16	1.3	0.09
ŞASA POLYESTERSANAYİ	0.27	0	0.16
SELÇUK ECZA DEPOSU TİCARET VE SANAYİ	0.19	0.7	0.11
SODA SANAYİİ A.Ş.	0.27	0.38	0.16
TAT GIDA SANAYİİ	0.32	1.02	0.2
TAV HAVALİMANLARI HOLDİNG	0.15	0.45	0.08
TEK-ART İNŞAAT TİCARET TURİZM SANAYİ VE YATIRIMLAR	0.44	0.33	0.33
TEKFEN HOLDİNG	0.29	0.72	0.18
TEKNOSA İÇ VE DIŞ TİCARET	0.27	0.36	0.16
TEKSTİLBANK	0.44	1.41	0.33
TESCO KİPA KİTLE PAZARLAMA TİCARET LOJİSTİK VE GIDA SANAYİ	0.19	0.33	0.11
TRAKYA CAM SANAYİİ	0.27	0.36	0.16
TUKAŞ GIDA SANAYİ VE TİCARET	0.24	0.14	0.14
TÜMOSAN MOTOR VE TRAKTÖR SANAYİ	0.32	1.5	0.2
TÜPRAŞ TÜRKİYE PETROL RAFİNERİLERİ	0.12	0.06	0.06
TURÇAS PETROL	0.48	2.77	0.42
TÜRK EKONOMİ BANKASI	0.13	0.13	0.07
TÜRK HAVA YOLLARI	0.19	0.54	0.11
TÜRK PRYSMIAN KABLO VE SİSTEMLERİ	0.21	0.74	0.12
TÜRK TUBORG BİRA VE MALT SANAYİİ	0.48	2.95	0.42
TÜRKİYE GARANTİ BANKASI	0.18	0.44	0.1
TÜRKİYE İŞ BANKASI	0.29	1.15	0.18
TÜRKİYE SİNÂİ KALKINMA BANKASI	0.18	0.1	0.1
TÜRKİYE ŞİŞE VE CAM FABRİKALARI	0.34	0.72	0.22
VESTEL BEYAZ EŞYA SANAYİ VE TİCARET	0.27	0.28	0.16
VESTEL ELEKTRONİK SANAYİ VE TİCARET	0.27	0.2	0.16
VİKİNG KAĞITVE SELÜLOZ	0.24	1	0.14
YAPI VE KREDİ BANKASI	0.37	1.27	0.25
YATAS YATAK VE YORGAN SANAYİİ	0.4	0.61	0.28
ZORLU ENERJİ	0.24	0	0.14

(*) Index calculations are only applied to BIST 100 and national market listed in Borsa Istanbul. Real Estate Investment Trusts are not included.



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