

# Case Study: Turkcell & The Role of HR in Corporate Governance



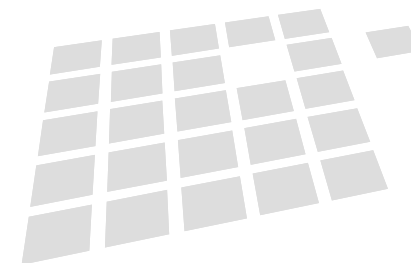
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Practice



# Turkcell Facts

- Subscribers: 23.4 million
- Revenue: 2.70 billion USD
- Market Cap.: 11.26 billion USD
- ROCE: 21 % (2004)
- Employees: 2,300
- International countries of Operation: Azerbaijan, Kazakhstan, Georgia, Moldova, Cyprus, Ukraine and Iran





Corporate Governance Practice



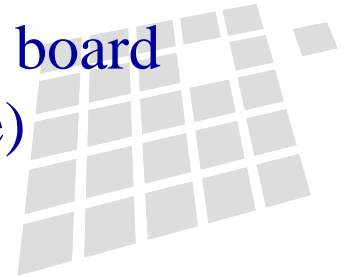
# Benchmarking targets





# Scope of Analysis

- Benchmarking relevant actual corporate governance practice (40 international telecommunication operators and 20 international corporates for board structures and corporate governance practice)
- Gap Analysis & Recommendations
- Assessment of key steps to achieve goal of improving corporate governance at Turkcell





# Turkcell Corporate Governance SWOT

## Strengths

- Strong Awareness initiative from Management team and mid-management
- Basic principles in place or close to ready
- Poor Corporate Governance reputation factored into share price
- Benchmark results are positive

## Weaknesses

- No committees
- No communication process to proactively adopt changes
- Poor Relations with Investors/External Community





# Results & Follow-up

- Prepare or Review & Adopt
  - Code of Ethics
  - Corporate Governance Guidelines
  
- Established
  - Audit Committee
  - Corporate Governance Committee
  
- Established strong direct communication between CEO, CG committee and a CG Project Team
  
- Adopt BoD Self-Assesment Process



# Components of a Code of Ethics

- **Conduct**
  - All Employees
  - Responsibilities
  - Confidentiality
  - Conflicts of Interest
- **Values**
  - Loyalty
  - Legal Compliance
  - Performance of Duties
- **Legal**
  - Securities
  - Private Business Interest
- **External**
  - Supply Relationships
  - Competitor
  - Shareholder Relationships



# Case Studies

- Selected from HBR Online
  - Relevant to Corporate Governance, especially conflicts
  - Relevant for different functions (IT, Purchasing, Finance, Sales, General Management)
  
- Workshop with 20 senior executives and 5 selected “internal” moderators
  - Cascading workshops to raise awareness, ahead of signing a LOU
  - Create awareness of internal resources
  - Localize compliance issues