

**KOÇ HOLDING hosts
CONFERENCE ON THE UNITED NATIONS GLOBAL COMPACT
on
“Creating Value with the Global Compact”**

The conference was organized at the Nakkaştepe facilities of Koç Holding on Thursday October 25, 2007. The participants explored and discussed the Global Compact Principles while evaluating the added value of integrating the Principles into operations and the emerging corporate social responsibility approach within a new business model.

The conference was held with the recognition that a joint and collective effort on the part of the Global Compact participants is required for the global market to function within the shared social and institutional practices framed under the Global Compact principles covering human rights, labor standards, environmental responsibility and corruption.



After the opening speech given by Ali Y. Koç, the President of Corporate Communications and Information Technology Group, Georg Kell the UN Global Compact Director, addressed the participants explaining the overlapping areas of global social responsibility and the Global Compact. Claude Fussler, author of the book, titled “Raising the Bar: Creating Value with the United Nations Global Compact”, Turkish translation of which was provided to the participants, gave details on the performance model that would help integrate the principles into company

operations. Mahmoud Ayub, the Resident UN Coordinator and Resident UNDP Representative to Turkey, participated at the conference as speaker as well.

The conference was attended by numerous private sector representatives from the Turkish business world and the representatives of non governmental organizations. During the afternoon session of the meeting, Serdar Dinler, the President of the Corporate Social Responsibility Association, shared the report evaluating the current situation in Turkey with the participants. Manuela Boesenhofer, the UNIDO Private Sector Development Consultant, introduced implementation tools of the Global Compact for small and medium sized enterprises. Michael Spenley, Chair of the UK Network, explained the operation of the Global Compact Networks, which provide the means for cooperation for the implementation of the principles.

Ali Y. Koç, the President of Corporate Communications and Information Technology Group, particularly pointed out to the approach of the business world and the private sector related to social responsibility and their increasing responsibilities. Koç spoke as follows:

“We live in an interesting age called globalization. One of the most important characteristics of this era is that individuals, institutions, and states interact with each other within a visible or invisible but continuous network.

Now, any event taking place in any part of the world can change our lives within a very short time while we are sitting at our homes and watching television unaware of anything.

This is the notion that lies under of the “improved social consciousness” approach in advanced societies.

If the society in which we take part moves forwards, then the individuals can progress in a healthy manner, as well.

The Global Compact was developed in order to address the difficulties attributed to globalization in this environment.

The former United Nations Secretary General Mr. Kofi Annan started this process in 1999 with his call to the private sector during the World Economic Forum in Davos.

The principles are grouped under the main headings of Human Rights, Labor Standards, Environment and Corruption and provide for the business world to jointly undertake responsibility with states and non governmental organizations.

Beyond covering such quite frequently used headings of abolishing child labor and preventing harm to the environment, these main headings aim to ensure that companies become more responsive to potential threats and act more preemptively. Rather than being reactive, the principles encourage being proactive to the needs identified under risk analysis conducted in all these areas.

The starting point in the implementation of these principles, before all else, is our own house. However, at the next stage, it must be disseminated to our companies and all value chains and stakeholders we interact with.”

Pointing out to the importance of the Global Compact for Koç Group, he continued as follows: “Our participation as Koç Group started after Mr. Mustafa Koç, the Chairman of our Board of Directors, signed the Global Compact in 2006, with the honorary participation of the then United Nations Secretary General Mr. Kofi Annan.

This compact and the principles display major parallelisms with the foundation philosophy and the business culture of Koç Group. While our Group introduced “firsts” in many areas within its history of more than 80 years, it has always tried to set an example with its corporate governance model and social works. It has always believed that sustainable growth could only be possible with a business culture that respects human rights and the environment.

Our founder Vehbi Koç, passed onto us with culture with the principle, ‘I exist if my country exists’. Besides, he established and/or pioneered in the establishment of many non governmental organizations in Turkey.”

Georg Kell, the UN Global Compact Director, explained the playing field of global economic and social developments for the business world and the evolution of the role cut for them and expressed how responsible behaviors in this process transformed from an item of cost into an element of added value. Georg Kell stated that businesses served the United Nations vision of a world of peace and abolished poverty through its activities in building new markets, working to achieve good governance & security, supplying to the global health sector and supporting social inclusion. The vision of the Global Compact, which is the biggest private sector initiative is to achieve “A sustainable and inclusive global economy”.

He emphasized that there were two concrete objectives to achieve this vision. Georg Kell pointed out that the first objective was to make the ten principles part of business operations everywhere and that the second objective was to facilitate partnerships toward UN goals. Georg Kell mentioned the significant benefits that the Global Compact national networks created for the development of cooperation opportunities, such as, common approaches, learning opportunities, creating awareness, and providing dialogue opportunity.

Mahmoud Ayub, the Resident UNDP Representative to Turkey, on the other hand, stated that they participated in fairs, cooperated with universities, and developed joint projects with different branches of business in different sectors in order to raise awareness and create an environment of cooperation with the aim of realizing the Millennium Development Goals. Talking on behalf of the UNDP Turkey, which has taken part in valuable studies in Turkey since 2002 towards advocating the Global Compact and increasing participation, Ayub called the private sector organizations to aid sustainable development and to increase the prosperity level of Turkey.

Claude Fussler gave information about the 10 main principles that constitute the basis for the Global Compact and their implementation processes as outlined in the book, “Raising the Bar.” An important handbook for people who strive to live social

responsibility as a way of doing daily business, “Raising the Bar: Creating value with the Global Compact” was translated into Turkish with the support of the Koç Holding.

The book, which brings together all resources in the implementation of the ten principles, contains examples from all around the world. Koç Group is also featured in the Turkish version of the book with its “Vocational Schools: a Country Issue” project and Coca Cola is included with their project for the efficient use and recycling of water, carried out with the joint efforts of the UNDP.

ABOUT THE APPROACH OF KOÇ HOLDING AND THE GLOBAL COMPACT

Mustafa V. Koç, the Chairman of Koç Holding signed the Global Compact on March 30, 2006, the foundations of which were laid in 1999, during the World Economic Forum held in Davos, under the pioneering of the United Nations Secretary General Mr. Kofi Annan.

Koç Group signed the Global Compact as an official and international expression of its continuing general approach related to Corporate Social Responsibility and social responsiveness and with the objective of advocating the principles gathered under 10 main headings of the Global Compact within the country and the region.

The Global Compact, the main purpose of which is to create a common platform against the problems encountered for the countries, cultures, and people that increasingly become more dependent on each other through economy, trade, and technology, has been signed by a total of 4687 participants, of which approximately 3,500 are companies.

Many global companies such as Coca Cola, Microsoft, and Colgate Palmolive, participated in the Global Compact. It is the most important and comprehensive voluntary Corporate Civil Citizenship Initiative of the world.

The initiative, which started with the call of the United Nations Secretary General Kofi Annan for the leaders of the business world to support the Global Compact as an international initiative during the World Economic Forum on January 31, 1999, aims to bring together companies, United Nations organizations, labor and non governmental organizations to carry out works in line with joint visions, goals, and values.

The works related to the Global Compact, which started at the UN headquarters in New York on July 26, 2000, are continuing today, with the participation of more than three thousand companies and international labor and non governmental organizations in line with the 10 universal principles under the main headings of human rights, labor, environment, and anti-corruption.

The Global Compact tries to disseminate the concept of responsible citizenship in order for the companies to provide support in eliminating the difficulties of globalization, by benefiting from the power of collective movement. In this manner, it aims to realize the basic vision – that is, ‘a sustainable and participative global economy’ by cooperating with the private sector – and other social stakeholders.

The Global Compact is an entirely voluntary movement with two objectives:

- To integrate the ten principles that constitute the basis of the agreement within the activities of the business world
- To perform the function of a catalyst for initiatives that support the UN objectives

The Global Compact operates based on the principle that companies would work with the aim of ensuring responsibility towards the public and transparency and making their own futures sustainable in order for the principles on which it is established to be realized.

The Global Compact is a 'Network'. It operates around the "Global Compact" office and six UN organizations in the center:

The Commission on Human Rights, the UN Environment Program, the UN Development Program, the UN Industrial Development Organization, and the UN Office on Drugs and Crime.

THE GLOBAL COMPACT

Human Rights

Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2 : make sure that they are not complicit in human rights abuses.

Labor Standards

Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 : the elimination of all forms of forced and compulsory labor;

Principle 5 : the effective abolition of child labor; and

Principle 6 : the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7 : Businesses should support a precautionary approach to environmental challenges;

Principle 8 : undertake initiatives to promote greater environmental responsibility; and

Principle 9 : encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10 : Businesses should work against corruption in all its forms, including extortion and bribery.