



Connecting the dots...

Cenk Göksan – TÜYİD Board Member

When we initiated the Carbon Disclosure Project here in Turkey with the leadership of Sabanci University and the sponsorship of Akbank in 2009, interest on climate was not at its current levels and investors were only just moving into the sustainability area. I remember well our gathering at the International Climate Change Event in London, in 2010, together with the Prince of Wales' Corporate Leadership Group on Climate Change and the University of Cambridge Programme for Sustainability Leadership, with the participation of leading Turkish companies and others from around the world. Turkey had then taken its place within the leaders group formed from developed and developing countries.

The project which had also been initiated in Turkey in a visionary manner and then developed through the sponsorship of Garanti Bank; with the support of over 800 investors globally and AUM of over USD100 Trillion became a global project where 58 Turkish Companies shared their climate strategy and targets with investors. Today, 44 companies in the Borsa Istanbul's Sustainability Index are evaluated in a detailed manner according to international norms and gather interest from international investors.

Investors can evaluate investments where they can make clear calculations and increase or reduce their investments accordingly. This is easy when the evaluation can be based on international accounting standards that would be more transparent and standardized. We have seen examples of this through investments made from around the world to Turkish companies. Visionary companies that are also strong in their financials and governance received large sums of investments.

Macro volatility may affect such investments from time to time in a negative way. However such periods are also periods where good investments can be made to good

companies. Which are the companies that would go into the radar even in case of negative economic developments? Of course; those that would be in the world league in all respects. What do I mean by all respects? Those that would manage human capital properly, the way they would manage their financial capital; those that make their staff a partner to their future; those that see their customer or even the general public as a partner; those that would lend an ear to them; those that would care for the social, health and the climate impact; those that go down to the public in their product range; basically those companies that are visionary, responsible and shown as good examples in governance. Namely, those that are sustainable. However in this case, how will the investor that looks into so many other companies be able to recognize this company and know that it is a valuable asset? Through the information that feeds into it.

Here two aspects come into force; those that flow through information and those through word of mouth. Quality shows itself through 'reputation'. A good word to identify individuals and entities!!! How can you increase investor awareness on companies with good reputation, companies that are on track to become more sustainable? Word of mouth may do it for you but will it reach long distances and take you into equity valuations and let the investor evaluate you properly. Is there a reporting system yet that will pass this knowledge. Somewhat yes and developing. I believe Integrated Reporting is the one that would reach such targets the most. I will not go into details as there is a strong Integrated Reporting Network in Turkey which we are a member of; that is headed by Prof. Guler Aras. She and the network can lead you on this and answer all your questions. The ideal solution that would make it easier to evaluate such companies would be to merge Integrated Reporting into Financial Accounting Standards and I

believe that is also on sight. Strong and reputable companies today are coming closer to that kind of knowledge sharing through their integrated reports and allowing the investor to evaluate in clarity their long term vision and their strategy on sustainability.

Why did I mention about all this as one of TUYID's board members and as a long time veteran of investor relations? It is because all the good work mentioned above has to be passed to the investor with thorough explanation and finally persuasion that your company is the one. I believe the role here goes to the investor relations and to the company's upper management. There is something very crucial here, 'dialogue'!!! Face to face dialogue with the investor. A dialogue that will allow you to understand him or her and let him or her understand you. To be continuously in open contact and pass relevant information and to improve from the elaborations that come out of this dialogue.

Taking this into account, especially in a globally volatile environment, TUYID Board of Directors has decided with a visionary view to form a Sustainability Working Group under TUYID and to work with its stakeholders on improving investor dialogue for sustainability. TUYID will also be contributing through this to the SDG's (Sustainable Development Goals) as a member of UN Global Compact.

Being the first Chair of the group, my wish is that the group will lead in this dialogue and throughout the years help develop numerous executives that will support sustainable investment that will allow investors that take into account UN PRI (Principles of Responsible Investment) and those that care about sustainability to be able to invest strongly into the development of sustainable investment in Turkey.