

Good morning, Günaydın,

Thank you all for coming today on a Monday morning, beating Istanbul traffic.

I have been the deputy chairperson of TEİD, for the last 4 years. I am also a lawyer by training and the deputy head of legal and compliance at Koc Holding where I have been working for over 17 years.

It is sincerely, very meaningful and a true honor for me to be here today at an event co-hosted by TEİD and EBRD. These are two institutions that played a significant role for the compliance program we are implementing at Koc Group.

In the early days of my career at Koc, I was a finance lawyer, and I had the opportunity to work over a dozen transactions with EBRD, each time learning something new.

I still remember the day many years ago when we received a set of comprehensive compliance Due Diligence questions from EBRD and reviewing the compliance clauses in their loan agreement draft.

“AHA” I said to myself, it seems that saying you are ethical is not enough these days, you have to prove it with your policies and your track record. Some say, I am a tough negotiator, but there is also no negotiating of the Anti-bribery & corruption clauses with EBRD!

Since then, I witnessed first-hand how EBRD, the World Bank and other international financial institutions, prioritize anti-corruption as part of their due diligence model for lending. And how that acts as a compelling driver for the private sector to endorse anti-corruption principles in their business model.

For a Turkish corporation, still today there is no legal requirement to set up a risk based compliance program. But it is the result of these encounters with financial institutions, along with other stakeholder expectations, that we determined in 2018 that we needed a comprehensive compliance program. It was time to take more active measures against corruption as well as other compliance risks such as sanctions.

So we first started with a compliance review project in 2018. Instead of simply replicating what other global companies' do, as Koc, we wanted a program tailored to our needs, culture and best practices but also one that addressed our deficiencies.

We dedicated 3 years to research, review of all operations and preparations of new policies and a new ethics code. When we were done, we made a point of making all of these policies public for transparency and more accountability.

We spent literally months discussing our ABC related policies to ensure that they were realistic enough but also adequately idealistic, so they would set a higher bar.

Our CEO himself reviewed the policies word-by-word, challenged us and we discussed where we are coming from and where we want to go. We presented our approach and the policies to our board. Only then did we start implementing the compliance program. When it comes to successful compliance programs, everybody talks about the tone at the top, but it has to be real and just like anything good, it has to be sincere.

After laying all that groundwork, we started implementing the compliance program in 2021. The same year, around the same time, Koc Holding became a member of TEİD.

Our membership could not have been any timelier. TEİD helped us train a small army of compliance officers, some of whom, -quite honestly- had little prior experience in this field. TEİD provided us with the necessary guidance at the time.

So it is my honor today to talk a little bit about TEİD, as it plays such an important role for the Turkish business world:

Established in 2010, TEİD's goal is to promote the implementation of ethical principles in the business world and to make ethical values an integral part of corporate culture.

With over 240 corporate members, TEİD aims to support the effective management of compliance risks, raise awareness on accountability, and transparency, and provide guidance on fighting corruption and fraud by sharing best practices.

One of the main goals of TEİD is to establish an understanding in the business world that doing business ethically goes beyond compliance with regulatory requirements, and it is a tool for sustainable growth and a competitive advantage.

TEİD takes an active role in the fight against corruption on international platforms as well: It is a member of the B20 Turkey Anti-Corruption Task Force and Working Group, the United Nations Convention against Corruption Coalition, and the OECD Anti-Corruption Working Group, and contributes to anti-corruption efforts through these networks.

Personally I see TEİD's Academy as one of its most important contributions, as it is an investment to education, to people:

I'd like to give you a better idea of why that is important historically speaking, especially for Türkiye:

In the US and western Europe, compliance functions of corporations -as a reflection of the legal requirements in these countries, go way back. The SEC required public companies to hire compliance officers in 1960s. Other than the financial sector, there is still no such requirement in Türkiye. Maybe 10 years ago, most people had not even heard of compliance.

That also means that there is possibly no shortage of compliance professionals that can guide the private sector in the US and western Europe. But that was not the case in Türkiye.

The size of the market for enterprise governance, risk, and compliance in the US was estimated at USD 13.34 billion in 2023 and is projected to grow 11.2% annually from 2024 to 2030. Unless Google is misleading me, I don't believe there is such data available for Türkiye. At least just not yet.

But finding individuals trained in the field of compliance is quite a challenge in Türkiye.

So TEİD's Academy plays a crucial role addressing the need for human resource in this field. It was established in 2016 as a platform focusing on the training of professionals in ethics and compliance in the business world. The Corporate Ethics and Compliance Management Program has almost 500 graduates today.

With 53 hours of course content, this serious and demanding program provides not only theoretical knowledge but also practical experience and is designed in line with global standards.

Last but definitely not the least, as part of the Next Gen Ethical Leaders Project, TEID Academy Next Gen was launched to raise ethics and compliance awareness among the younger generation and to prepare them to be ethical leaders of the future. This program is available for undergraduate students and new graduates.

Considering that educating young people about corruption and its negative impacts is generally thought to be a key preventative measure against corruption, this is our investment for a better future.

I just read a study carried out in Nigeria and Ukraine in 2023 that indicates that effectively tailored integrity education can result in a reduction in corrupt behaviour of the youth. I hope that universities will focus on and invest in this field too.

But what TEID does most importantly, is to give hundreds of compliance officers and through them the companies they work for, the sentiment that they are not alone in the fight against corruption. That it is not smth that only western companies care for.

And that sentiment alone is very important and empowering because most of the time corruption starts with a sense of

1- helplessness, desperation and 2- common belief that it is ok to maybe bribe officials because everybody else is doing.

Helplessness: There are many surveys that show that people all around the world just to access basic public services feel obliged to give bribes

So this happens when you want to do smth completely legal and legitimate but to get it done, the system may make you feel like there is no way other than bribing an individual... Something as basic as access to healthcare.

And 2- comfort and belief, because you see, you know, you hear that “everybody is doing it, nothing happens, this is how things are done, no negative consequences, no enforcement so why don’t we?”

In other words it is normalized...

Especially in countries that rank high in corruption indexes, this sentiment is what leads many perfectly good-hearted individuals to sometimes go the wrong way and sometimes even with right intentions. They lose their path.

You know, it is almost customary to explain the etymological roots of a word and say smth in Latin. I will not talk about “corruptio” but to our mostly Turkish crowd, let’s instead talk about the word we use in Turkish: Yolsuzluk: yol means road or path, yolsuz literally means without a path. If you are corrupt, means you lost your path...And it may take you a while for you to understand you are lost.

AND If there is one group of people that we don’t want to see losing their path and becoming indifferent against corruption is the youth. Therefore, while preparing for this speech, I particularly looked into youth’s perception of corruption. And it is frightening in a way:

There are studies that suggest that corruption may be normalised to the point that young people do not even realise they are engaging in it. That’s where we are more likely to lose the fight...but there

is hope.

Researchers focusing on this, argue that the reported positive attitudes of youth towards bribery should be understood as a “forced response to government failures, rather than an intrinsic motivation”. So changing the perception, may lead to positive changes.

For example, in many countries, young people think that the rate of unemployment, is partly attributable to corruption, due to nepotism in recruitment procedures for public sector roles. A recent Transparency International study found that even in the UK, a majority (61%) of young people believe it to be difficult to get a job without a ‘way in.

This shows how important, fair processes, in everything, from access to education to job opportunities, will positively affect the youth. Next time, your HR department asks why they have to deal with PEP forms, please explain this to them. Inside joke for compliance officers☺

So we talked about EBRD’s due diligence and its expectation from borrowers to walk the right path throughout the life of a loan and how that has a very powerful impact over businesses in terms of their fight against corruption.

There is good news: it is no longer just financial institutions that prioritize anti-corruption, as part of their due diligence model.

Companies can establish strong Anti-Corruption policies, conduct regular internal audits, and collaborate with Government agencies and civil society to create a collective effort against corruption too.

So if you want to work with Google, sell smth to Amazon, work with Microsoft, once again you have to go through due diligence. Regulatory changes hopefully will also provide the necessary push: Supply chain laws, EU corporate due diligence directive if implemented and enforced may have significant impact.

You may think that nowadays there is more focus on the E and S of the ESG. But without good governance, state of law, we cannot protect humans or the environment.

In article 36 of the EU Corporate DD Directive it says:

Adverse human rights and environmental impacts can be intertwined with or underpinned by factors such as corruption and bribery. It may therefore be necessary for companies to take into account those factors when carrying out human rights and environmental due diligence, in a manner that is consistent with the UN Convention against Corruption.

We watch Star Trek as a family, and in year 2365, humanity seems to have found the right way. But for the time being, it seems to me that greed is human nature and it is not possible to completely get rid of corruption. I cannot foresee the future, but human history says so.

But we live with 1.8 billion young people in the world.

Inequality and disbelief that politicians with short-term goals and desires, will not address these issues, the responsibility and hope sometimes lies in other institutions: fighting corruption is vital for the future of nearly a quarter of the global population.

CLOSING REMARKS

Of course, civil society alone cannot change the system, the private sector also cannot alter it entirely, but together, we can really make a big difference, especially if we take the youth on our side.

Thank you for inviting me to speak and listening to me.

I look forward to learning more from our panelists today.

Thank you.