



SpencerStuart

2018 Turkey

Spencer Stuart  
Board Index

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# Contents

<b>3</b>	<b>FOREWORD</b>
<b>4</b>	<b>IN THE SPOTLIGHT: PROFESSIONALISING THE BOARD</b>
<b>8</b>	<b>HIGHLIGHTS</b>
<b>11</b>	<b>OUR SURVEY APPROACH</b>
<b>12</b>	<b>BOARD SIZE AND COMPOSITION</b>
<b>20</b>	<b>BOARD GOVERNANCE</b>
<b>24</b>	<b>REMUNERATION</b>
<b>25</b>	<b>COMPARATIVE DATA TABLES</b>
25	International Comparison
31	Board Composition
32	Board Statistics, Meetings and Committees



# Foreword

The *2018 Turkey Spencer Stuart Board Index* is an annual study that analyses aspects of board governance among major listed companies, including composition, committees, and remuneration. First published over 30 years ago in the US, Board Indexes are produced in 22 countries around the world on an annual or biennial basis.

In 2014, we released the first *Turkey Spencer Stuart Board Index*, a review of board composition, structure, and governance practice in the companies that make up the BIST 30 Index. This fifth edition updates our analysis of the BIST 30, based on publicly available data for the most recent fiscal year. We include more detail on audit committees and an essay on “The professionalisation of boards”.

Our purpose is to provide business leaders with a snapshot of current practice on Turkish boards. In addition to data for BIST 30 companies, we have again published a detailed chart showing how the BIST 30 Index compares with leading companies in the US and other European markets across a key range of governance measures.

We hope that you will find this 2018 edition of the *Turkey Spencer Stuart Board Index* an interesting read. We welcome your feedback and the opportunity to discuss any of the issues that arise from our research.

Kaan Okurer

Felix Hafele

Gülven Aytekin

*Spencer Stuart Turkey*

## IN THE SPOTLIGHT

# Professionalising the board

At the time of writing, Turkish companies are facing one of the most uncertain and disruptive business environments for decades. Rarely has the role of the board been more important in steering a company through challenging times. Having the right selection of directors around the table is critical to the health of a business, which is why more and more boards are seeking to professionalise their boardrooms.

### WHAT WE MEAN BY THE PROFESSIONALISATION OF BOARDS?

Spencer Stuart has been advising the boards of Europe's leading companies for several decades. As a result of our advisory work, board assessments and regular interactions with business leaders, we have accumulated a significant body of knowledge about what makes an effective board. In our publication *Boardroom Best Practice*, we set out the characteristics of an effective and successful board. The first four of these are:

- » Clear definition and understanding of the role of the board and how it differs from that of the management team
- » Wise and sensitive leadership that fosters productive and challenging debate
- » Appropriate composition of directors (with diverse backgrounds), all of whom are aligned with the long-term strategic vision
- » Active involvement of all directors

Every board needs to ask itself on a regular basis: "Is this the best possible combination of directors capable of supporting and challenging the management team, given the changing business context today and over the coming years?" Such is the pace of change that it is becoming more common for boards to look beyond their traditional sources of board directors to find active executives who can bring new ways of thinking and fresh perspectives into boardroom debate.

This drive towards professionalisation is taking place in boardrooms all over the world, in family-controlled businesses, listed and private companies alike. Investors are more and more interested in seeing evidence that boards are changing with the times, expecting boards to have meaningful processes in place to renew their membership and maximise their effectiveness.

## A NEW BREED (TYPE) OF DIRECTOR

In an effort to become relevant to the rapidly changing needs of their business, some boards are appointing ‘next-generation directors’ who bring much-needed knowledge in fields such as cybersecurity, artificial intelligence, machine learning and industry 4.0 technologies; others have first-hand experience of digital transformation, organisational design, customer insight or social communication. Inevitably, experts in these disciplines tend to come from a different generation than the majority of existing board members.

These new directors are having an impact on the content, dynamism and professionalism of the boards they join. They are prompting fellow directors to engage with unfamiliar subject matter and bringing a different approach and perspective to the role. Companies are broadening their thinking about the value of diversity and recognising the benefits of cross-generational workforces. In

## DEVELOPING A SKILLS MATRIX

- » Think holistically about director recruitment as opposed to one-off recruitments.
- » Develop a matrix of the overall skills and experience required for the board based on an analysis of the skills and experience necessary to support strategy.
- » Inventory the skills, contributions, and diversity of current board members to identify any gaps to be filled.
- » Use a skills matrix to ensure all the bases are covered when recruiting.
- » Outline specific requirements for key committee chairs.

Boards selecting new directors should consider adopting the Spencer Stuart Board Intrinsic assessment, which is based on the 5 ‘I’s’:

- » Intellect & judgment
- » Interpersonal skills
- » Integrity
- » Independent-mindedness
- » Inclination to engage (motivation)

*For more information, contact Felix Hafele, Kaan Okurer or Gulven Aytekin, Spencer Stuart, Istanbul.*

the same way, boards are benefiting from recruiting directors who bring not only deeply needed expertise, but also a contemporary view on how decisions will affect the whole spectrum of stakeholders — from employees and suppliers to customers and the community. This new breed of directors is facing a different set of workplace challenges in their executive roles; as directors they can offer insights – and even warnings – rarely, if ever, expressed around the boardroom table.

### **PREPARING NEW DIRECTORS TO SUCCEED**

Board chairs have a significant influence the success of new directors. It can be daunting to arrive on a board full of older, more experienced directors, particularly if there is a long-established “collegiate” dynamic in place. The chair has the twin tasks of guiding the new director, while ensuring that other board members remain open to whatever new ideas and perspectives the new director brings to the role.

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“Sometimes you need the new director to disrupt the board with fresh views”

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A chair may do a number of things to support the new director, for example: take a close interest in the onboarding process; provide coaching on how best to represent investors’ interests; offer constructive feedback after meetings; and encourage the new director to stick his or her neck out rather than play it safe and simply align themselves with the existing boardroom culture. As one chair put it: “Some boards are wary of a new director who thinks differently and threatens, however respectfully, to shake things

up. But sometimes you need the new director to disrupt the board with fresh views, accepting that this may result in a cultural shift. It is my job to let that happen.”

### **A BALANCED BOARD**

Building a balanced board takes time. Except in crisis conditions, boards tend to evolve slowly. However, it can be a mistake to address director succession only on an as-needed basis, when facing an impending vacancy. Boards that take this approach may be putting themselves at a disadvantage; by the time they start looking for a replacement director it may be too late to secure the best person. Just as with CEO succession, by planning further ahead it is possible for boards to widen the net, increase their options and secure the very best talent at the time when it is most needed.



The most successful boards today are those that plan ahead. They develop a skills matrix (see box-out) to ensure that they have all the necessary skills and experience in the boardroom, based on the strategic direction of the business. Companies that are willing to explore fresh options for professional directors are most likely to end up with the strongest boards.

A high-performing executive from an international business with knowledge of the Turkish market can make a noticeable difference to the board of a Turkish company through bringing industry best practices or helping the company in its international growth efforts.

# Highlights

TRY  
249,821

The average remuneration for non-executive directors

## REMUNERATION

The average annual fee paid to non-executive directors is TRY 249,821, a 3.2% increase on last year. Annual remuneration ranges from TRY 54,249 (Aselsan) to TRY 522,000 (Koç Holding). See page 24.

19.7

The average number of board meetings

## BOARD MEETINGS

The average BIST 30 company held 19.7 meetings during 2017. This figure is once again the highest in Europe, and greater than last year's 16.9 average. When companies with substantial state ownership are excluded, the average number of meetings falls to 10.5. Seven companies do not report the number of board meetings held; however these companies often disclose the number of resolutions adopted. See page 20.

19%

The proportion of foreign non-executive directors on BIST 30 company boards

## INTERNATIONAL DIVERSITY

BIST 30 boards have seen an increase in the share of foreign non-executive directors during the past years; from 15% in 2014 to 19% this year. Of new board members appointed in the past year, 20% were foreign. Although this may indicate that Turkish boards are slowly becoming more internationally diverse, they remain among the least diverse in Europe in terms of foreign representation. Italy is the only country with fewer directors of a foreign nationality (10.1%). The majority of foreign directors are representatives of a foreign shareholder, rather than independent directors. See page 16.

## WOMEN ON BOARDS

The proportion of female representation on BIST 30 boards has increased to 17.1% in 2018, from 8.7% in 2014. However, the proportion remains low from a European perspective. Family members of a controlling shareholder continue to account for a large section of the female directors, but the share of independent female directors has also increased, from 16 last year to 20 this year. Although all-male boards are in place at 20% of BIST companies, progress has been significant — last year there were no female board members at more than one-third (37.9%) of the companies under review. In the past year 15 women were appointed to BIST 30 boards, bringing the index's average slightly closer to the soft minimum target of 25% female representation outlined by the country's Corporate Governance Principles (CGP).<sup>1</sup> See page 14.

# 17.1%

The proportion of board members who are women

## NEW DIRECTORS

Turkish boards have seen a higher rate of renewal over the past year, with a total of 61 directors appointed during the 12 months prior to 30 May 2018, compared with 35 last year. The new entrants to the cohort are younger than the average BIST 30 director. Nearly 25% of them are women (compared with 5.7% last year) and 59% are independent (compared with 28.6% last year). See page 17.

# 61

The number of new directors appointed to a BIST 30 board the past year

<sup>1</sup> Communiqué on CGP Annex. Par 4.3.9



# Our survey approach

The *2018 Turkey Spencer Stuart Board Index* is a survey of the 30 largest companies by market capitalisation listed on the BIST exchange, as of 30 April 2018. The cut-off date for board membership is 31 May 2018.

Since the 2017 edition, Coca-Cola İçecek, Doğu Otomotiv, Enka İnşaat, Ford Otosan and Ülker have been replaced in the BIST 30 Index by the following companies: Aselsan, Doğan Şirketler Grubu, Enerjisa Enerji, Pegasus Hava Taşımacılığı, and Koza Anadolu Metal. Two companies — Koza Altın and Koza Anadolu Metal — are excluded from our sample,<sup>2</sup> leaving 28 companies in this year's survey.

We analysed board size and composition, committee structure, and director compensation for the 2017 financial year, compiling our research from a combination of publicly available sources.

Measured as of 31 May 2018:

- >> Supervisory board composition
- >> Management board composition
- >> Gender representation
- >> Directors' independence
- >> Tenure
- >> Board commitments
- >> Age
- >> Foreign representation

Measured as of 31 December 2017:

- >> Board meetings
- >> Board committee meetings

Measured as of 2017 annual general meeting:

- >> Board remuneration

The *2018 Turkey Spencer Stuart Board Index* focuses on quantifiable data relating to boards of directors. It offers comparisons with leading companies in a number of other European countries, namely Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Poland, Russia, Spain, Sweden, Switzerland, and the UK, as well as with S&P 500 companies in the US.

<sup>2</sup> Koza Altın and Koza Anadolu Metal are excluded as the board and management are not elected but appointed by the government organisation TMFS.

# Board size and composition

## BOARD SIZE

The average board size of BIST 30 companies is unchanged from last year at 9.8 directors, which is close to the 10.1 average board size across our European sample. Under Turkish law, boards must have at least five members<sup>3</sup> and, in the BIST companies analysed, board size ranges from six directors (at BİM and Soda Sanayii) to 17 directors (at Koç Holding). At 68% of companies boards have between eight and 11 directors, with nine members the most common board size in the BIST 30.

## THE BROADER VIEW: Board size

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
Average board size	10	9.8	8.1	13.7	13.8	11.5	9.3	8.1	8	10.5	10.9	10.6	10.4	9.8	10.1	10.8

## EXECUTIVE DIRECTORS

Turkish publicly held companies are governed by unitary boards, which may include both executive and non-executive members. On average, BIST 30 boards have 1.1 executive directors per board. The share of executive directors is 11.6%, slightly less than last year, when 12.2% of all directors were executives. Despite unitary governance, six companies, or 21%, have no executives on their boards. 29% of the boards have two or more executive members.

The CEO sits on the board of 71% of the companies analysed, a lower share than last year, when the CEO was a board member at 83% of companies. The lower rate is due partly to the entry of new companies in the BIST index, with board compositions that are more independent from management. Of the new entrants to the BIST 30 this year, Enerjisa Enerji, Pegasus and Petkim all have boards composed of non-executive directors only.

<sup>3</sup> Communiqué on CGP Annex. Par 4.3.1

The highest number of executive directors is again found on Akbank's board, where 40% of board members are executives.

## THE ROLES OF CHAIR AND CHIEF EXECUTIVE

The separation of the CEO and chair role is commonly viewed as best practice in terms of good governance,<sup>4</sup> as it increases the board's independence from management and so reduces the risk of a captured board. In Turkey, the Communiqué on Corporate Governance Principles strongly recommends a separation of the roles and expects a rationale to be provided in the event the roles are combined.<sup>5</sup> Only three companies in this year's survey combine the roles (Aselsan, BIM and Tekfen), compared with four last year. Erdemir appointed a non-executive chair during the past year, thus separating the powers of the CEO and chair.

Although the CGP does not make any recommendations beyond separating the CEO and chair role, it is worth noting that none of the companies where the chair and CEO roles are combined has a lead independent director, independent vice chair or similar sitting on the board.

## INDEPENDENT DIRECTORS

The share of independent directors on BIST 30 boards has increased, although modestly, over the past years; from 31% in 2016 to 33.1% this year. Of all non-executive directors appointed to the board in the past year, 65% of new appointments were independent directors. This may indicate that Turkish boards are becoming more independent. When looking at the share of non-executive directors only, 37.5% of board members are deemed to be independent.

No board in our survey has a majority of independent directors, although the new BIST 30 constituent, Pegasus, has 50% independent directors. The CGP does state that at least one-third of directors should be independent,<sup>6</sup> a requirement met by 82.1% of the companies in our sample.

<sup>4</sup> Among OECD countries a separation of CEO and chair is recommended, required or incentivised in 63% of countries with one-tier systems (OECD Corporate Governance Factbook, 93:2017)

<sup>5</sup> Communiqué on CGP Annex. Par 4.2.5

<sup>6</sup> Communiqué on CGP Annex. Par 4.3.4. Exceptions to the regulation apply but, in any case, the number of independent directors shall not be fewer than two. Boards of banks must have at least three independent members

It should be noted that Turkish companies in general, including BIST 30 companies, tend to have concentrated ownership structures,<sup>7</sup> in the form of family-controlled financial/industrial groups. In such cases it can be expected that the boards include non-executive directors representing the controlling interest in proportion to the ownership structure.

This may in part explain the lower rate of independent directors observed on Turkish public company boards. However, all boards in the BIST 30 have at least two independent members, which — in the case of a controlling shareholder — should reduce the risk of minority shareholder expropriation.

Regardless of the cause, the proportion of independent directors on Turkish boards remains the lowest across all European countries surveyed, behind Russia (38%) and Poland (45%). By contrast, independent directors account for 83.2% of all board members in Switzerland, 69.1% in Sweden, and 58% in France.

## THE BROADER VIEW: Independent directors

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
% of boards with independent directors	49.2%	77.1%	80.8%	58%	60%	51%	87.1%	75.8%	45%	38%	45%	69.1%	83.2%	33.1%	61.3%	85%

## WOMEN DIRECTORS

The proportion of women on BIST 30 boards remains at the lower end of the gender diversity scale compared with other European countries. However, the share has increased to 17.1%, from 11.1% last year.

The CGP recommends that Turkish boards have at least one female member and encourages companies to aim for a target of 25% female representation.<sup>8</sup> At 82% of the companies analysed in our sample, at least one woman is on the board among both executive and non-executive directors, rising from last year's figure of 62.1%. Eight companies meet, or exceed, the soft target of 25% female representation: Doğan, Enerjisa Enerji, Koç Holding, Sabancı Holding, Şişecam, Soda Sanayii, TAV and Tekfen.

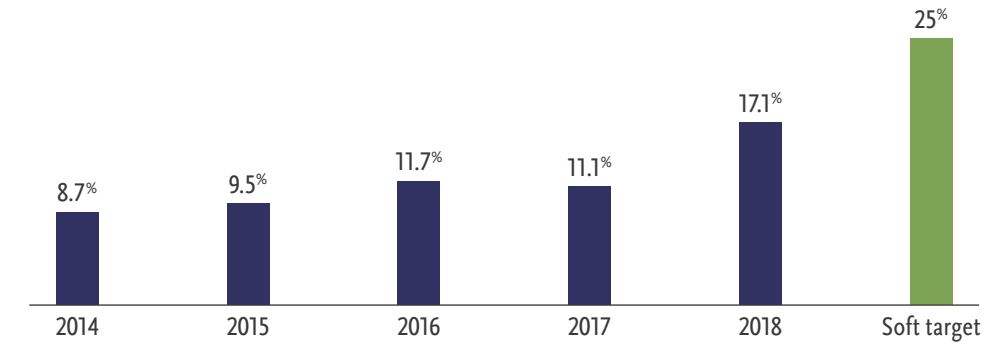
<sup>7</sup> The average free float of shares for the companies in this year's sample is 38%

<sup>8</sup> Communiqué on CGP Annex. Par 4.3.9



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## Women directors



Two factors drive the rise in the share of female directors in our 2018 survey. First, changes in the BIST 30 itself have boosted the numbers of women: the re-inclusion of Doğan alone has brought five additional women into the sample. Second, female directors accounted for 24.5% of new appointments to the boards, adding an average of 0.5 women per board. Twelve companies appointed at least one woman among their new directors during the past year. One company, TAV, elected three female directors to its board in the course of the year, taking its representation of women from 10% to 27%.

However, as was evident too in last year's analysis, the share of women on boards is reduced substantially if family members/shareholders are excluded from the analysis. In the case of Doğan, four out of the five women are members affiliated by family. Overall though, the number of female *independent* directors has increased, from 16 to 20 directors — thus 22% of all independent directors are women. Only five companies have all-male boards, compared with 11 in last year's analysis.

Despite showing signs of progress during the past five years, Turkey remains among Europe's poorer performers in terms of gender diversity. Only the boardrooms of Russia have fewer women, at 8%. Norway (45.6%), France (42.5%), and Sweden (39%) continue to lead boardroom gender diversity.

Three out of the 28 BIST companies analysed (11%) have a female chair. Women are underrepresented among female executive directors (two in total, or 6%). Both are executive chairwomen and have a family affiliation to the business.

There are still no female CEOs in the BIST 30. On executive committees or management boards, the share of females is also relatively low; only 9.2% of

executive committee members are women, slightly more than last year (8.9%). This is the lowest share across our European sample and below the European average of 15.4%. However, the gap between Turkey and other European countries is much smaller among executive committees than at supervisory board level, mainly because at this level most other European countries remain male dominated: Germany has 10% women and Switzerland 10.1%, just behind Denmark, where 11.5% of executive committee members are women.

This year 11 companies in our sample have no female executive board members, compared with 14 in last year's survey. It remains to be seen, but this may indicate that Turkey is moving slowly towards greater female representation at the executive level.

## THE BROADER VIEW: Women on boards

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
% women on boards	32.1%	27.6%	33.3%	42.5%	32%	32.3%	21.6%	45.6%	15.2%	7.9%	19.5%	39.1%	24%	17.1%	27.5%	24.4%

## FOREIGN DIRECTORS

The share of foreign representation on BIST 30 companies has increased modestly in the past five years. This year, across the whole board, 17.1% of directors are foreign, compared with 15% in 2014. The proportion of foreign non-executive directors sitting on Turkish boards has increased from 16.3% in 2016 to 19% this year. Three companies have a foreign chairperson.

Foreign executive directors on Turkish boards are rarer; this year 7.7% of executive board directors are of a foreign nationality.

Italians again represent the largest group of non-Turkish directors with 17% of all foreign directors (down from 18.8%). Two of these are independent directors, but all are board members of companies whose major shareholder is Italian.<sup>9</sup>

<sup>9</sup> Fiat Auto controls 37.86% of Tofas's shares. Koç Financial Services, a joint venture between Italy's UniCredit and Turkey's Koç Group, is the majority shareholder of Yapı Kredi, holding 81.9% of the shares.

The second- and third-largest groups of foreign directors are again Spanish and French, each accounting for 12.8% of foreign directors. 83% of the Spanish directors sit on the board of Garanti Bankası, of which the Spanish company BBVA is a major shareholder.<sup>10</sup> Of the French directors, 83% sit on the board of TAV, of which French company Paris Aéroport holds a significant stake.<sup>11</sup>

British directors represent the largest group of foreigners, if those with the same nationality as a major shareholder are excluded.

Turkish boards are among the least international in Europe — only Italian boards have a lower proportion of foreign directors (10.1%). If we exclude foreign directors who are representatives of a foreign shareholder, then the average proportion of foreigners per board in the BIST 30 falls to 8%.

Just over 60% of all BIST 30 companies have no foreign members.

## THE BROADER VIEW: Foreign directors

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
% foreign directors on boards	30.4%	39.4%	33.8%	35%	25.3%	10.1%	39%	28.2%	26.8%	26.3%	19.8%	33.6%	58.2%	17.1%	33.3%	8.2%

## NEW DIRECTORS

BIST 30 boards have recorded an overall increase in the number of new board member appointments in the past 12 months compared with last year, including an increased share of both female and independent directors. This suggests that Turkish boards are experiencing renewal at a higher rate, but may also indicate that Turkish boards are becoming more independent and more diverse in terms of gender.

A total of 61 directors were appointed within the past year (55 non-executives and six executive directors), compared with 35 directors in the preceding year. In 2017 only 5.7% of new directors were female, compared with 27.3% this year, which is reflected in the overall increase in women on boards (see women

<sup>10</sup> BBVA controls 49.85% of the shares

<sup>11</sup> ADP is TAV Airports' largest shareholder, holding 46.12% of the shares

directors on page 14). Of the new appointees 59% were deemed independent, compared to only 28.6% last year. Of new directors appointed 20% were of a foreign nationality, which is on par with last year.

The average age of the directors appointed during the year is 57.6. At just over one year younger than the average age of all directors, this suggests that Turkish boards are also becoming younger.

### AGE OF BOARD MEMBERS

The average age of BIST 30 non-executive directors is 59.4 years, down from 60.3 last year. The average age of all directors is 58.7 years — one year younger than last year’s average, and close to the 58.8 average for directors across our European sample.

Among most European boards, executive directors are on average younger than their non-executive colleagues. The same is true for Turkey, where the average age of executives on BIST 30 boards is 54.4 years. Unchanged from last year, we again find the youngest board at Emlak Konut, where the average age is 48.5 years. Tekfen once more records the highest average age of board members, at 69.8 years.

The average age of chairs of BIST 30 boards is 58.3 years, slightly below the average age of all board members. The youngest of all BIST 30 chairs, at 42 years, sits at Doğan. The oldest chair leads the Arçelik board, at 87 years.

The average age of CEOs serving on BIST 30 boards is 55.2 years, compared with 57.4 last year. When all CEOs are included, the average age is 54.6 years. This is also lower than last year’s average of 56.2, but in line with the European average (54.7). The youngest average age of all CEOs is found in Poland (50.4) and the most senior in France (57.9).

### THE BROADER VIEW: Average age of directors (executives and non-executives)

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
Average age (years)	57.7	58.9	58.5	58.9	58	58	59.4	57.3	55.6	54.3	60.3	58.9	60	58.7	59	63

## LENGTH OF SERVICE

The average tenure for non-executive directors on BIST 30 boards, excluding chairs, is 4.9 years. As one would expect given the higher rate of turnover on Turkish boards in the past year, average tenure is lower than last year (5.7 years).

Similarly, for chairs, with six new chair appointments during the past 12 months, the average tenure has decreased from 6.3 years to 4.8 years.

The average tenure for CEOs is 4.3 years, below the average seen across Europe. However, the longest-serving CEOs have tenures of 12 and 21 years, respectively. When CEOs whose tenure is above 10 years are excluded, the average CEO tenure is only 3.5 years. Four new CEOs were appointed during the year: at Aselsan, Doğan, Yapı Kredi Bankası and Vakıflar Bankası.

### THE BROADER VIEW: Average tenure (chairs and non-executives)

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
Average tenure (years)	5.1	5.3	4.8	5.7	5.7	6.5	4.5	4.3	4.3	4.3	6.3	5.7	5.9	5.3	4.6	8.1

## SERVICE ON OTHER LISTED COMPANY BOARDS

BIST 30 board directors sit on an average of 1.8 listed boards, on a par with last year. Chairs hold on average 1.3 board positions including their chair position. This arises mainly from a few chairmen sitting on a relatively high number of boards. Five chairs sit on five additional boards, one sits on three outside boards, while over half of the BIST 30 chairs have no outside board role.

Of the 23 CEOs who sit on the boards of their own companies (some as combined chair/CEO), only three also sit on the board of another listed company.

# Board governance

## BOARD MEETINGS

### Board meetings held in 2017

Number of meetings	<10	10-20	21-30	>30	Not disclosed
Percentage of companies	35.7%	14.3%	10.7%	14.3%	25%

Turkish companies held on average 19.7 meetings in 2017, compared with 17.9 in 2016, representing Europe's highest average by far. Seven companies do not disclose the number of meetings held per year, but most companies do report the number of decisions made and the minimum number of meetings required to be held. Disclosure around meeting attendance has improved since last year; for the year 2017, 13 companies, or 46.4%, disclosed some information on attendance, either on aggregate or individual level.

Arçelik and Türk Telekom reported the fewest number of meetings, with only two held during the year (the former reported that it made 30 decisions; the latter did not disclose how many decisions it took). Vakıflar Bankası reported that it held 92 meetings in 2017, passing 1,394 resolutions. If we exclude six companies with substantial state ownership, the average number of meetings falls to 10.5, which is slightly higher than the average across Europe at 9.4.

### THE BROADER VIEW: Average number of scheduled board meetings/year

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
Average number of meetings per year	8.4	8.2	10.8	9.1	6.8	11.2	7.4	8.5	8.7	6.5	11.1	10.3	8.3	19.7	7.3	8

## BOARD COMMITTEES

BIST 30 companies have an average of four board committees. The number of committees per company ranges from three to eight. Turkish public companies, except banks, are required to establish an audit committee, a corporate

governance committee, and early detection of risk committee. The formation of a compensation and nomination committee is not mandatory, as the corporate governance committee may perform these duties.<sup>12</sup>

In practice, few companies choose to establish separate nomination and/or remuneration committee(s): in the BIST 30, only seven companies have a separate nomination and/or remuneration committee. Additional committees include credit (typically at banks), and, on rare occasions, a committee for corporate social responsibility, sustainability, safety, and ethics. A complete list of committees in BIST 30 companies can be found on page 32.

### Committees of BIST 30 boards

Number of committees	3	4	5	7	8
Percentage of companies	46.4%	25%	21.4%	3.6%	3.6%

## AUDIT COMMITTEE

For all companies where up-to-date information was available, audit committees had at least two members, as stipulated by the CGP.<sup>13</sup>

The audit committees of BIST 30 boards met 7.3 times on average during the year; the median across the sample is five. Excluding financial services companies, the average number of meetings is 5.3.

Six companies do not specify the number of meetings, but in most cases instead report on the number of resolutions adopted. The CGP requires the audit committee to meet at least four times a year<sup>14</sup>; all but one of the companies that disclose information relating to meetings comply.

Overall, 90% of audit committee members, including chairs, are deemed independent. On a per-company basis, at least 50% of the members of the audit committees are independent. The vast majority of companies operate a fully independent audit committee; again, in line with the CGP principles and international best practice.<sup>15</sup>

<sup>12</sup> Annex. Par 4.5.1 of the Communiqué on CGP

<sup>13</sup> Annex. Par 4.5.2 of the Communiqué on CGP

<sup>14</sup> Annex. Par 4.5.9 of the Communiqué on CGP

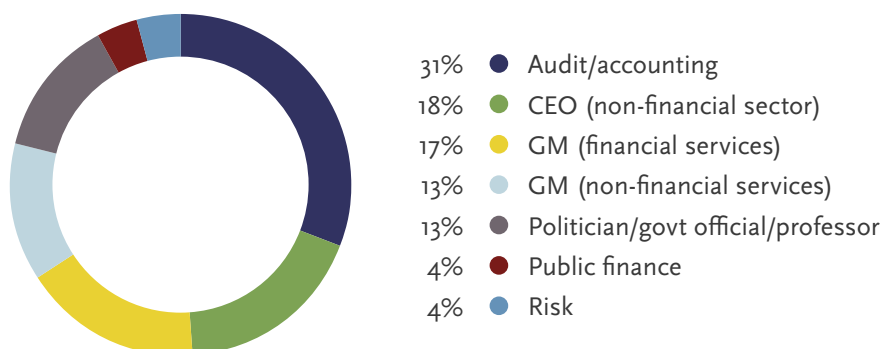
<sup>15</sup> Annex. Par 4.5.3. of the Communiqué on CGP

Last year, the background of audit chairs was analysed for the first time. In this year's edition audit chair backgrounds are categorised according to their primary functional and sector experience. Again, experience as former or serving government officials is common among audit chairs in the BIST 30. Most chairs, however, come from a financial services background, mainly general management roles, typically banking executives. Among audit chairs, 29% are from other sectors than financial services, typically having held a CEO, president, or general management position.

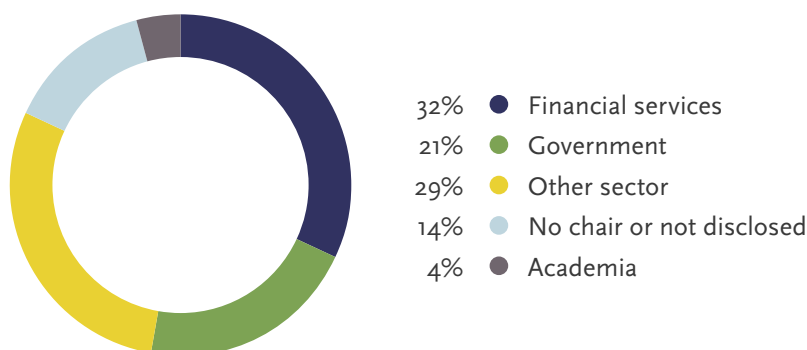
Looking across all industry backgrounds, 31% of the audit chairs<sup>17</sup> have a background in audit or accounting, whether gained in government positions, or in financial or professional services companies. In contrast to the audit committee chairs of European peer companies, CFOs do not represent a

### Backgrounds of audit committee chairs

Functional background of audit committee chairs, excluding chair/not disclosed



Sector background of audit committee chairs



<sup>17</sup> Excluding companies for which this information is unavailable and/or that do not have a committee chair



significant group — indeed, none of the audit committee chairs in the BIST 30 is a current or former CFO.

## **CORPORATE GOVERNANCE COMPLIANCE**

Turkish companies can choose to receive a corporate governance rating from an independent third party. The score, a value out of 10, reflects a company's level of compliance with the corporate governance principles of the Capital Markets Board of Turkey and is calculated as an aggregate score across four dimensions of governance: shareholders, public disclosure and transparency, stakeholders, and board of directors.

Of the 28 companies analysed, 15 companies were evaluated in 2017 and disclosed their corporate governance rating.

Tofaş received the lowest score across our sample, with a score of 9.15. For the second year in a row, TAV received the highest rating, rising from 9.54 in 2016 to 9.62 for 2017. The average rating of this year's BIST constituents is 9.37 — a significant improvement in terms of compliance vis-à-vis last year's 9.2 average.

# Remuneration

The level of disclosure around the remuneration of board directors in Turkey remains opaque: at AGMs only a total fee for directors is disclosed as an agenda item. Details relating to individual remuneration, committee fees, and attendance fees are largely unavailable.

The average fee for non-executive directors in Turkey has increased slightly since last year, from TRY 236,203 (€70,656) to TRY 249,821 (€60,663).<sup>18</sup> The lowest compensation is paid to directors of Aselsan: TRY 54,249 when converted to a yearly gross amount. Koç Holding continues to be the highest-paying company in the BIST 30, with remuneration per director of TRY 522,000 (€126,694)<sup>19</sup> – up from TRY 462,000 (€138,199) last year. One company, Kardemir, announced an additional fee of TRY 200 in daily duty allowance when attending board meetings.

Turkish boards pay lower-than-average total fees per director, compared with their European peers. A lower average figure paid to non-executive directors is found only in Poland (€31,984) and Norway (€53,910) and Belgium (€55,623).

## THE BROADER VIEW: Non-executive average total fee

	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Poland	Russia	Spain	Sweden	Switzerland	Turkey	UK	USA
Average total fee (€000)	55.6	83.6	73.0	85.2	75.5*	90.0	71.9	53.9	32.0	149.3	121.0	78.3	287.7	60.6	105.9	265.1

\*Retainer fee only is available and is therefore used as proxy for average total fee. All conversions into Euros are based on yearly average exchange rates.

<sup>18</sup> Figures in Euros are affected by exchange rate fluctuations from 2016 to 2017

<sup>19</sup> Turkish citizens receive TRY 522,000; foreign board directors receive net 98,000 ABD dollars

# International Comparison

In this edition of the *Turkey Spencer Stuart Board Index* we provide two sets of tables. In addition to the detailed data for BIST 30 companies (beginning on page 31), we are publishing a chart comparing aggregated data from 22 countries (pages 26-30).

All data is taken from individual country Board Indexes published by Spencer Stuart in 2018.

Visit the Spencer Stuart website and discover “Boards Around the World”, a visual tool that compares the composition, diversity, compensation and board evaluation practices of different countries.

## Composition information

BELGIUM	BeL20 + BelMid
DENMARK	OMX Copenhagen (25 companies)
FINLAND	OMX Helsinki (25 companies)
FRANCE	CAC40
GERMANY	DAX30
ITALY	37 (FTSE MIB) + 63 (Mid Cap, Small Cap, Other)
NETHERLANDS	AEX (21 companies) + AMX (21 companies) + eight further large listed companies
NORWAY	OBX (25 companies)
POLAND	WIG 20
RUSSIA	Russian Trading System Index
SPAIN	IBEX-35 + top companies by market cap
SWEDEN	OMX Stockholm (25 companies)
SWITZERLAND	SMI (20 companies)
TURKEY	BIST 30
UK	Top 150 FTSE companies excluding investment trusts
USA	S&P 500

Denmark, Finland, Norway and Sweden's top companies are analysed together in the Nordic Board Index.

INTERNATIONAL COMPARISON

	BELGIUM	DENMARK	FINLAND	FRANCE	GERMANY	ITALY	
GENERAL INFORMATION	Size of sample	59	25	25	40	70	100
	Supervisory board/unitary board of directors	1/58	25/0	0/25	7/33	70/0	1/99
	Average number of board meetings per year	8.4	8.2	10.8	9.1	6.8	11.2
	% companies that conducted an external board evaluation	5.1% <sup>1</sup>	8.3%	17.4%	30% <sup>12</sup>	17%	38%
	Combined chair and CEO	1.7%	0%	0%	52.5%	0%	17%
	% boards with senior independent director (SID)	1.7%	0%	0%	52.5%	0%	34%
	% of boards with vice/deputy chairs	20.3%	100%	92%	35%	100%	49%
BOARD	Average board size (total)	10	9.8 <sup>8</sup>	8.1	13.7	13.8	11.5
	Average board size (excl. employee representatives)	10	6.8	7.9	12	7.5	N/A
	Average number of independent board members	4.5	5.2	6.4	7	N/A	5.9
	% independent board members	49.2%	77.1%	80.8%	58%	60% <sup>16</sup>	51%
	Average number of non-executive directors	7.7	5.8	6.8	11	6.5 <sup>17</sup>	8.8
	Average number of executive directors	1.4	0.04	0.1	1	N/A	2.3
AGE	Average age: all directors	57.7	58.9	58.5	58.9	58	58
	Average age chairs	61.8	62	61.3	61.4	66	65
	Average age CEOs who sit on the board	53.8	N/A	58.4 <sup>11</sup>	59	N/A	57
	Average age all CEOs, including those not on the board	54	55	56.7	57.9	55	N/A
	Average age: non-executive directors	57.7	58.5	58.2	59	60 <sup>17</sup>	61
	Average age: executive directors	54.5	47.6 <sup>9</sup>	51.5	57.8	53.2	60
FOREIGN	% foreign board members (all)	30.4%	39.4%	33.8%	35%	25.3%	10.1%
	% foreign chairs	15.3%	28%	16%	17.5%	13%	5.7%
	% foreign non-executive directors	32.7%	39.6%	36.8%	37%	26% <sup>17</sup>	8.1%
	% foreign executive directors	27.2%	0%	0%	2%	N/A	5.6%
	Average # nationalities represented on the board	3.1	3.4	2.9	4.3	2.5 <sup>17</sup>	2.2
GENDER	% female board directors (all)	32.1%	27.6%	33.3%	42.5% <sup>13</sup>	32% <sup>20</sup>	32.3%
	% female chairs	5.1%	0%	0%	2.5%	4%	9%
	% female CEOs	7.9%	0%	4.2%	2.5%	0%	6%
	% female non-executive directors	38.6%	27.8%	38.6%	45.3%	32% <sup>17</sup>	39%
	% female executive directors	14.5%	0%	0%	0.3%	10.4%	9%
	% boards with at least one female director	100%	88%	100%	100%	99%	99%

	NETHERLANDS	NORWAY	POLAND	RUSSIA	SPAIN	SWEDEN	SWITZERLAND	TURKEY	UK	USA
	50	25	40	41 <sup>42</sup>	100	25	20	28 <sup>63</sup>	150	485
	44/6	25/0	40/0	6/35	0/100	0/25	0/20	0/28	1/149	0/485
	7.4	8.5	8.7	6.5 <sup>43</sup>	11.1	10.3	8.3	19.7 <sup>64</sup>	7.3	8
	30%	22.2% <sup>27</sup>	N/A	17% <sup>44</sup>	34%	16.7%	12.5%	N/A	44%	99% <sup>76</sup>
	0%	0%	0%	0%	54%	4%	0%	10.7%	.7%	49.9%
	6%	0%	0%	17.1%	68%	4%	25%	0%	97.3% <sup>71</sup>	80%
	74%	56%	80%	34.1%	67%	48%	90%	96%	14.7%	-
	9.3 <sup>22</sup>	8.1	8	10.5	10.9	10.6	10.4	9.8	10.1	10.8
	9.3 <sup>22</sup>	6	7.6 <sup>30</sup>	N/A	N/A	8.8	N/A	N/A	10.1	N/A
	5.7	4.5	3.4 <sup>31</sup>	4	4.8	6.1	8.7	3.3	6.2	9.2
	87.1% <sup>23</sup>	75.8%	45% <sup>31</sup>	38%	45%	69.1%	83.2%	33.1%	61.3%	85%
	6.5	5	6.6	7.9	8.6	7.2	9.1	7.9	6.6	9.2
	2.8 <sup>24</sup>	0.04	N/A	1.6	1.8	0.6	0.4	1.1	2.5	1
	60.7	57.3	55.6 <sup>32</sup>	54.3 <sup>45</sup>	60.3	58.9	60	58.7 <sup>65</sup>	59	-
	66.9	62.3	53.8 <sup>33</sup>	59.3 <sup>46</sup>	63.8	63.6	63.5	58.3 <sup>46</sup>	65.4	-
	59	N/A	N/A	52.4	54.7 <sup>39</sup>	54.9	55.6	55.2	55	57.6
	56	55.5	50.4 <sup>35</sup>	51.9 <sup>47</sup>	-	54.1	54.5	54.6 <sup>67</sup>	55.3	57.6 <sup>77</sup>
	60.7	56.3	55.9 <sup>35</sup>	54.1 <sup>48</sup>	-	58.7	59.9	59.4	60	63
	54.2 <sup>25</sup>	66 <sup>28</sup>	N/A	52.2 <sup>49</sup>	-	53.9	55.3	54.4	54.2	-
	39%	28.2%	26.8%	26.3%	19.8%	33.6%	58.2%	17.1% <sup>68</sup>	33.3%	8.2% <sup>78</sup>
	18%	16%	18.4% <sup>36</sup>	29.3%	7%	12%	30%	10.7%	21.3%	-
	42.6%	30.6%	28%	29.9%	21.6%	38.3%	60.8%	19%	39%	-
	30.4% <sup>25</sup>	0%	N/A	4.7%	7.7%	12.5%	75%	6.3%	25.1%	-
	3.1	2.3	2	3.2	-	3.6	6.2	2	3.7	-
	21.3%	45.6%	15.2%	7.9%	19.5%	39.1%	24%	17.1%	27.5%	24%
	4%	16%	15.8%	0%	7%	12%	5%	10.7%	3.9%	4.1%
	6%	4.2%	5.6%	0% <sup>30</sup>	2%	8%	0%	0%	5.3%	5.4%
	27.3%	51.6%	15.2%	9.6%	21.3%	45%	27.1%	19.9%	38.6%	-
	7.2% <sup>25</sup>	0%	N/A	4.7%	7.2%	12.5%	0%	6.3%	8.4%	-
	86%	100%	67.5%	51.2%	92%	100%	95%	82.1%	100%	99.4%

INTERNATIONAL COMPARISON

	BELGIUM	DENMARK	FINLAND	FRANCE	GERMANY	ITALY	
NEW MEMBERS	% new board members	10.5%	12.9%	14.1%	13.5%	20% <sup>20</sup>	15.4%
	% women among new board members	46.8%	22.7%	32.1%	41.9%	26% <sup>20</sup>	48%
	% non-nationals among new board members	32.3%	45.5%	32.1%	36.8%	12% <sup>20</sup>	9%
OTHER BOARDS	Average # quoted boards per director (total)	1.9	1.9	1.8	1.3	N/A	3.2
	Average # quoted boards per chair (total)	2.3	2	2.1	2.3	2.8	3.6
	% executive directors with an outside board	28.4%	0%	33.3%	58%	22%	52.7%
	% non-executives with a full-time executive role	63.2%	62.5%	48%	54%	42% <sup>17</sup>	-
TENURE/RETIREMENT	% companies with a mandatory retirement age	47.5%	63.2% <sup>10</sup>	0%	45%	88%	4%
	Average mandatory retirement age	70.6	70.1	N/A	71.6	72	75.5
	Average tenure (chair and non-executives)	5.1	5.3	4.8	5.7	5.7	6.5
REMUNERATION	Average retainer for non-executive directors (excluding chair and vice chair/SID)	€29,847 <sup>2</sup>	€52,263	€58,436	€24,449	€75,507	€59,000
	Average total fees for non-executive directors (excluding chair and vice chair/SID)	€55,623	€83,573	€72,972	€85,165	N/A	€90,000
	Average total fee for vice chair (or SID)	€98,817 <sup>3</sup>	€133,487	€92,022	€143,509	N/A	€452,000
	Average total fee for chairs	€121,100 <sup>4</sup>	€210,682	€141,358	€627,954 <sup>14</sup>	€291,226	€903,000 <sup>21</sup>
	Average fee for audit committee membership	€11,762 <sup>5</sup>	€23,212	€5,877	€22,642	€31,552	€22,000
	Average fee for remuneration committee membership	€8,174 <sup>6</sup>	€20,402	€4,467	€14,542 <sup>15</sup>	N/A <sup>18</sup>	€17,000
	Average compensation for nomination committee membership	€8,365 <sup>7</sup>	€21,649	€4,215	€12,294 <sup>15</sup>	N/A <sup>19</sup>	€17,000
EXCOM	Average board size of executive committee	6.3	5.2	9.6	12.5	5.1	4.9
	% foreigners on the executive committee	34.1%	39.2%	27.1%	32%	25%	5.6%
	% women on the executive committee	18.5%	11.5%	19.2%	16%	10%	14.6%

	NETHERLANDS	NORWAY	POLAND	RUSSIA	SPAIN	SWEDEN	SWITZERLAND	TURKEY	UK	USA
	14.7%	16.1%	23.2% <sup>37</sup>	22.4%	11.4%	15%	13.5%	20%	13.6%	8.4%
	19.5%	45.8%	15.7%	9.4%	31%	36.4%	39.3%	27.3%	35.7%	40%
	49.4%	37.5%	25.7%	21.9%	24%	33.3%	78.6%	20%	37.7%	10.5%
	1.9	1.8	1.3	1.7	1.1	2.5	2	1.8	2.2	2.1
	2	2.2	1.3	1.9	1.3	2.9	2.4	1.3	2.2	1.5 <sup>39</sup>
	37.5%	100% <sup>28</sup>	N/A	23.4%	10.6%	50%	25%	21.9%	30.4%	40%
	34.8%	71%	74.6%	71.6%	-	40%	45.3%	54.8%	36.8%	-
	N/A	N/A	N/A	N/A	21%	N/A	37.5%	N/A	0%	71%
	N/A	N/A	N/A	N/A	71.9	N/A	71.1	N/A	N/A	73.5
	4.5	4.3	4.2	4.3	6.3 <sup>60</sup>	5.7	5.9	5.3	4.6	8.1 <sup>80</sup>
	€56,987	€34,030	€33,872 <sup>41</sup>	€107,442 <sup>51,58</sup>	€73,380	€64,844	€193,946	€60,633 <sup>69,70</sup>	€77,887 <sup>72</sup>	€110,229
	€71,878	€53,910	€31,984 <sup>38,41</sup>	€149,285 <sup>52,58</sup>	€121,020	€78,322	€287,725	N/A	€105,892 <sup>72</sup>	€265,124
	€84,453	€42,280	€25,724 <sup>39,41</sup>	N/A <sup>53</sup>	€154,526 <sup>61</sup>	€116,821	€387,969	N/A	€128,038 <sup>72,73</sup>	-
	€154,517 <sup>26</sup>	€71,854 <sup>29</sup>	€47,468 <sup>41</sup>	€238,529 <sup>54,58</sup>	€374,845	€250,179	€1,796,868	N/A	€477,176 <sup>72,74</sup>	€389,540 <sup>81</sup>
	€9,895	€7,808	N/A <sup>40</sup>	€15,530 <sup>55,58</sup>	€30,081	€19,354	€51,802	N/A	€17,472 <sup>72</sup>	€12,172
	€7,550	€4,773	N/A <sup>40</sup>	€16,527 <sup>56,58</sup>	€34,737 <sup>62</sup>	€11,046	€45,707	N/A	€14,868 <sup>72</sup>	€10,751
	€7,059	N/A	N/A <sup>40</sup>	€16,527 <sup>56,58</sup>	€33,888 <sup>62</sup>	N/A	€37,645	N/A	€11,183 <sup>72</sup>	€8,359
	6.6	7.7	5.8	9.7	-	9.4	9.4	9.3	9.9 <sup>75</sup>	-
	42.7%	19.2%	14.3%	7% <sup>57</sup>	-	18.3%	60.6%	6.1%	37.6% <sup>75</sup>	-
	14.9%	24.4%	13.4%	13%	-	24.7%	10.1%	9.2%	18.6% <sup>75</sup>	-

## INTERNATIONAL COMPARISON FOOTNOTES

### General

N/A = Not applicable.

A blank cell denotes that either the information is not available or we did not include it our research.

### Belgium

- 1 7% did not disclose
- 2 One company did not disclose
- 3 Based on six companies only
- 4 Two chairs are not paid
- 5 Nine companies do not pay audit co members
- 6 10 companies do not pay rem co fees
- 7 14 companies do not pay nom co fees

### Denmark

- 8 All calculations exclude employee representatives
- 9 One executive director in the sample
- 10 Six companies did not disclose

### Finland

- 11 Only one CEO in sample

### France

- 12 75% of CAC 40 companies conduct an external evaluation at least every three years; in 2017, 75% of these were conducted by Spencer Stuart
- 13 According to Afep/Medef corporate governance code
- 14 Non-executive chairs only
- 15 47.5% of rem and nom cos are merged, with an average fee of €17,254

### Germany

- 16 Average minimum proportion of members that should be independent
- 17 Shareholder representatives only
- 18 Remuneration committees are very rare in Germany
- 19 Except for banks, German nominations committees only deal with non-executive director nominations and committee membership is rarely compensated
- 20 Supervisory Board only

### Italy

- 21 Includes some CEOs who are also chairs

### Netherlands

- 22 Includes executive board members
- 23 Non-executives only
- 24 Includes executive directors on two-tier boards
- 25 Includes directors of executive boards
- 26 Seven companies did not disclose the information

### Norway

- 27 Seven companies did not disclose
- 28 Only one executive director
- 29 Excludes one Executive Chairman

### Poland

- 30 Six companies have employee representatives (ER) on the board. ERs are excluded from subsequent figures
- 31 One board does not disclose; all directors are therefore classified as non-independent
- 32 Excludes 141 out of 302 directors (age not disclosed)
- 33 Excludes 16 chairs (age not disclosed)
- 34 Excludes 15 CEOs (age not disclosed; two are co-CEOs) and two companies with no CEO
- 35 Excludes 125 out of 265 directors (age not disclosed)
- 36 Excludes two companies: one had no chair and one chair could not be identified
- 37 Includes one company where all directors (8) were appointed during the year, due to formation of a new board/company.
- 38 Five companies do not disclose
- 39 Figure unavailable for 24 companies: year not served in full (9); person not remunerated (6); no vice chair (9)
- 40 Insufficient disclosure
- 41 Conversion at av. 2017 annual rate: PLN/EUR = 4.257

### Russia

- 42 Excluding Unipro PAO from sample
- 43 Average in-person board meetings. Average number of meetings including meetings held in absentia: 20.8.
- 44 Three companies do not disclose.
- 45 Excludes 15 directors (age not disclosed)
- 46 Excludes 2 chairs (age not disclosed)
- 47 Excludes one CEO (age not disclosed)
- 48 Excludes 9 directors (age not disclosed)
- 49 Excludes 4 directors (age not disclosed)
- 50 Magnit appointed a female CEO after cut-off date
- 51 Nine companies do not disclose specified amounts
- 52 28 companies do not disclose individual figures
- 53 35 companies do not disclose, or figure is not available for the year
- 54 32 companies do not disclose, or figure is unavailable for the year
- 55 Includes 24 companies only
- 56 Includes 22 companies only
- 57 All 12 exco members of one Dutch company are foreign
- 58 Conversion at av. 2017 annual rate: RUB/EUR = 65.922

### Spain

- 59 Top 50 companies only
- 60 Includes both executive and non-executive directors
- 61 The average additional fee paid to the SID was €31,645
- 62 Only 14% of companies in Spain have separated nominations & remunerations (N&R) committee into two. Average fee for N&R co members is €23.632

### Turkey

- 63 Excludes Koza Altin and Koza Anadolu Metal
- 64 Three companies held over 40 meetings per year, one held 92. Seven companies do not disclose
- 65 Excludes 17 directors (age is not disclosed)
- 66 Excludes one chair (age is not disclosed)
- 67 Excludes one CEO (age is not disclosed)
- 68 Turkish dual nationals not counted as foreign
- 69 Four companies do not disclose, or not available
- 70 Conversion at av. 2017 annual rate: TRY/EUR = 4.120

### UK

- 71 Four companies did not have a SID either due to a recent retirement and an ongoing search for a replacement or the application of a foreign corporate governance code.
- 72 The exchange rate used is 1 EUR = 1.141317 GBP
- 73 SIDs only; those who served the full year
- 74 Includes 140 part-time chairs. Eight chairs are full-time and paid on a different basis. Two chairs receive no fee.
- 75 FTSE 100 only

### USA

- 76 Percentage of S&P 500 boards that disclose
- 77 All CEOs sit on the company board
- 78 Top 200 only of S&P 500 companies
- 79 CEOs only
- 80 Average tenure of independent directors only
- 81 Non-executive chairs only



# Board composition

	CHAIRMAN & CEO			NON-EXECUTIVE DIRECTORS (EXCLUDING CHAIRMAN)				NON-EXECUTIVES APPOINTED 1 JUNE 2017 - 31 MAY 2018			MANAGEMENT BOARD					
	TOTAL NUMBER OF DIRECTORS	CHAIRMAN ALSO CEO?	FOREIGN CHAIRMAN	FOREIGN CEO	NATIONALITIES ON THE BOARD INCL. CHAIRMAN	TOTAL	INDEPENDENT	FOREIGN	WOMEN	TOTAL	FOREIGN	WOMEN	EXECUTIVES ON THE BOARD (EXCL. CHAIRMAN)	TOTAL NUMBER OF DIRECTORS	FOREIGN	WOMEN
Akbank	10	No	No	No	1	6	3	0	0	1	0	0	3	13	0	2
Arçelik	12	No	No	No	1	10	4	0	2	3	0	1	1	6	1	1
Aselsan	9	Yes	No	No	1	7	3	0	0	2	0	0	1	10	0	0
BİM	6	Yes	No	No	3	5	2	2	0	2	0	0	0	10	0	1
Doğan Şirketler Grubu	9	No	No	No	1	7	3	0	4	1	0	0	1	4	0	0
Emlak Konut GYO	7	No	No	No	1	5	3	0	1	0	N/A	N/A	1	5	0	0
Enerjisa Enerji	8	No	No	No	4	6	2	2	2	2	0	1	1	5	0	0
Erdemir	9	No	No	No	1	7	3	0	1	1	0	0	1	6	0	1
Garanti Bank	10	No	No	No	1	8	4	5	1	0	N/A	N/A	1	11	0	2
Halk Bankası	9	No	No	No	1	7	3	0	1	3	0	1	1	10	0	0
İş Bankası	11	No	No	No	1	8	2	0	2	0	N/A	N/A	2	14	0	3
Kardemir	11	No	No	No	1	10	4	0	0	5	0	0	0	5	0	1
Koç Holding	17	No	No	No <sup>1</sup>	8	15	6	6	5	1	1	1	1	12	0	1
Otokar	9	No	No	No	1	7	3	0	0	2	0	0	1	6	0	1
Pegasus Hava Tasimacılığı	8	No	No	No	2	7	4	3	1	1	1	0	0	12	0	2
Petkim	9	No	Yes	Yes	2	8	3	3	1	1	0	1	0	10	7	0
Sabancı Holding	9	No	No	No	1	7	3	0	3	1	0	0	1	8	0	0
Şişecam	9	No	No	No	1	7	3	0	3	3	0	1	1	11	0	3
Soda Sanayii	6	No	No	No	1	3	2	0	2	2	0	1	2	8	0	1
TAV	11	No	Yes	No	3	9	4	5	3	8	5	3	1	7	1	1
Tekfen	11	Yes	No	No	2	10	4	0	4	1	0	1	0	6	0	1
THY	9	No	No	No	1	6	3	0	1	2	0	1	2	9	0	0
Tofaş	10	No	No	No	4	8	2	4	1	2	1	1	1	19	2	1
Tüpraş	15	No	No	No	1	14	5	0	2	4	0	1	0	6	0	0
Türk Telekom	12	No	Yes	Yes	4	11	4	4	0	0	N/A	N/A	0	9	1	0
Turkcell	7	No	No	No	3	6	2	2	1	3	2	1	0	11	0	1
Vakıflar Bankası	8	No	No	No	1	6	2	0	1	3	0	0	1	13	0	0
Yapı Kredi Bankası	14	No	No	No	4	11	3	6	2	1	1	0	2	15	4	1

N/D = Not disclosed.

N/A = Not available.

<sup>1</sup> Counting one dual national as two nationalities

# Board stats, meetings, and committees

	TENURE		SERVICE ON OUTSIDE QUOTED BOARDS				BOARD MEETINGS			NAMES OF COMMITTEES	RETAINER FEE (TL) 2017
	NON-EXECUTIVES (EXCL. CHAIRMAN)	CHAIRMAN	CEO	CHAIRMAN	CEO	NON-EXECUTIVES (AVERAGE)	AVERAGE AGE OF ALL DIRECTORS	SCHEDULED	NUMBER OF COMMITTEES		
Akbank	6.2	10.2	6.4	1	0	1.2	64.0	N/A	4	A(ND); CG(ND); Cr(ND); ExRi(ND)	120,000
Arçelik	8.2	8.2	3.3	3	0	3.6	65.3	2	3	A4, CG6, Ri6	357,000
Aselsan	1.6	0.1	0.1	0	0	1.0	53.6	50	3	A4, CG8, EaDeRi6	54,249
BİM	7.4	8.4	8.4	0	0	1.6	66.3	7	3	A(ND), CG1, EaDeRi(ND)	93,407
Doğan Şirketler Grubu	6.6	6.4	0.7	0	0	1.4	57.0	30	4	A4, CG5, EaDeRi6, Ex(ND)	193,097
Emlak Konut GYO	2.9	7.4	7.5	0	0	1.0	48.5	N/A	3	A4, EaDeRi9, GC4 (N1,R3)	138,463
Enerjisa Enerji	2.2	5.4	2.2	1	0	1.8	57.4	6	3	A5, HR3, EaDeRi4	Not available <sup>1</sup>
Erdemir	3.1	0.3	5.4	0	0	1.0	49.0	7	3	A4, CG4, EaDeRi6	124,733
Garanti Bank	6.0	0.7	6.2	0	0	1.0	55.8	16	5	A5, Cr28, CG3, R1, Ri11	73,828
Halk Bankası	2.2	2.8	1.0	0	0	1.0	59.0	41	7	A12, CG4, C1, OpRiWo12, AsL49, Sus4, Cr50	278,968
İş Bankası	2.8	7.2	7.2	0	1	1.0	60.2	14	8	A33, Cr:ND, CrR1, CSR10, CG7, Ri12, R2, TRNC11	490,104
Kardemir	5.0	0.5	1.4	0	N/A	1.0	58.8	22	3	A5, CG3, EaDeRi(ND)	491,972
Koç Holding	8.9	2.3	2.2	5	7	2.7	66.0	N/A	5	A2, N&R(ND), Ri(ND), CG(ND), Ex(ND)	522,000
Otokar	4.7	3.2	12.4	5	0	3.3	63.5	N/A	3	A5, Ri7, CG7	357,000
Pegasus Hava Tasımacılığı	5.4	13.4	2.2	1	0	2.0	58.3	4	4	A4, CG4, EaDeRi6, Sa(ND)	197,768
Petkim	4.3	8.7	1.9	0	N/A	1.2	58.3	5	3	A(ND), CG(ND), EaDeRi(ND)	Not available <sup>2</sup>
Sabancı Holding	9.0	4.0	1.2	0	1	1.4	59.7	6	4	PM5, Ri6, A(ND), CG(ND)	120,000
Şişecam	2.2	1.1	7.1	1	2	2.1	60.0	N/A	3	A18, CG5, Ri8	144,000
Soda Sanayii	0.5	7.1	4.4	1	0	1.5	51.7	N/A	3	A18, CG5, EaDeRi8	102,000
TAV	2.4	0.9	21.4	0	0	1.0	56.8	6	4	CG6, N2, Ri6, A(ND)	335,642

N/A = Not available.

<sup>1</sup> Compensation for 2017 not available as company IPO'd in 2018.

<sup>2</sup> Compensation disclosed in former years, but AGM 2017 document could not be accessed due to a broken link.

## Key to committee type

**A:** Audit / Internal Audit

**AsL:** Asset and Liability

**C:** Compensation

**CG:** Corporate Governance

**Cr:** Credit

**CSR:** Corporate Social Responsibility

**EaDeRi:** Early Detection of Risk / Early Detection and management of risk / Early Identification of Risk (some variations in the name - all labelled EaDeRi)

**Et:** Ethics

**Ex:** Executive

**ExRi:** Executive Risk

**HR:** Human Resources (hereunder nomination and remuneration)

**M:** Management

**N:** Nomination

**PM:** Portfolio Management

**R:** Remuneration

**Ri:** Risk / Risk Management

**Sus:** Sustainability

**Sa:** Safety

**TRNC:** Turkish Republic of Northern Cyprus Internal Systems

	TENURE		SERVICE ON OUTSIDE QUOTED BOARDS				BOARD MEETINGS			NAMES OF COMMITTEES	REMAINER FEE (TL) 2017
	NON-EXECUTIVES (EXCL. CHAIRMAN)	CHAIRMAN	CEO	CHAIRMAN	CEO	NON-EXECUTIVES (AVERAGE)	AVERAGE AGE OF ALL DIRECTORS	SCHEDULED	NUMBER OF COMMITTEES		
Tekfen	5.6	3.1	5.1	0	0	1.2	69.8	28	3	A4, CG(ND), EaDeRi(ND)	165,000
THY	3.9	3.2	1.6	0	0	1.0	49.8	49	4	A(ND), CG(ND), EaDeRi6, Ex(ND)	Not disclosed
Tofaş	7.1	2.1	3.4	5	0	3.8	59.5	N/A	3	A5, EaDeRi6, CG5	357,000
Tüpraş	5.5	10.4	2.4	5	0	3.3	64.8	3	5	A7, CG5, Ri6, Ex12, Et(ND)	357,000
Türk Telekom	4.8	10.2	1.7	1	0	1.1	51.7	2	4	A7, CG4, EaDeRi6, Ex(ND)	286,495
Turkcell	2.6	4.8	3.2	1	0	1.4	56.3	12	5	A(ND), N(ND), C(ND), CG(ND), EaDeRi(ND)	Not disclosed
Vakıflar Bankası	2.8	1.0	1.0	0	0	1.0	57.2	92	5	A16, R1, CG2, Cr73, AsL:37	278,967
Yapı Kredi Bankası	4.9	2.2	0.4	5	0	2.3	53.9	11	5	A5, R2, CG2, Cr51, Ex21	357,000

N/A = Not available.

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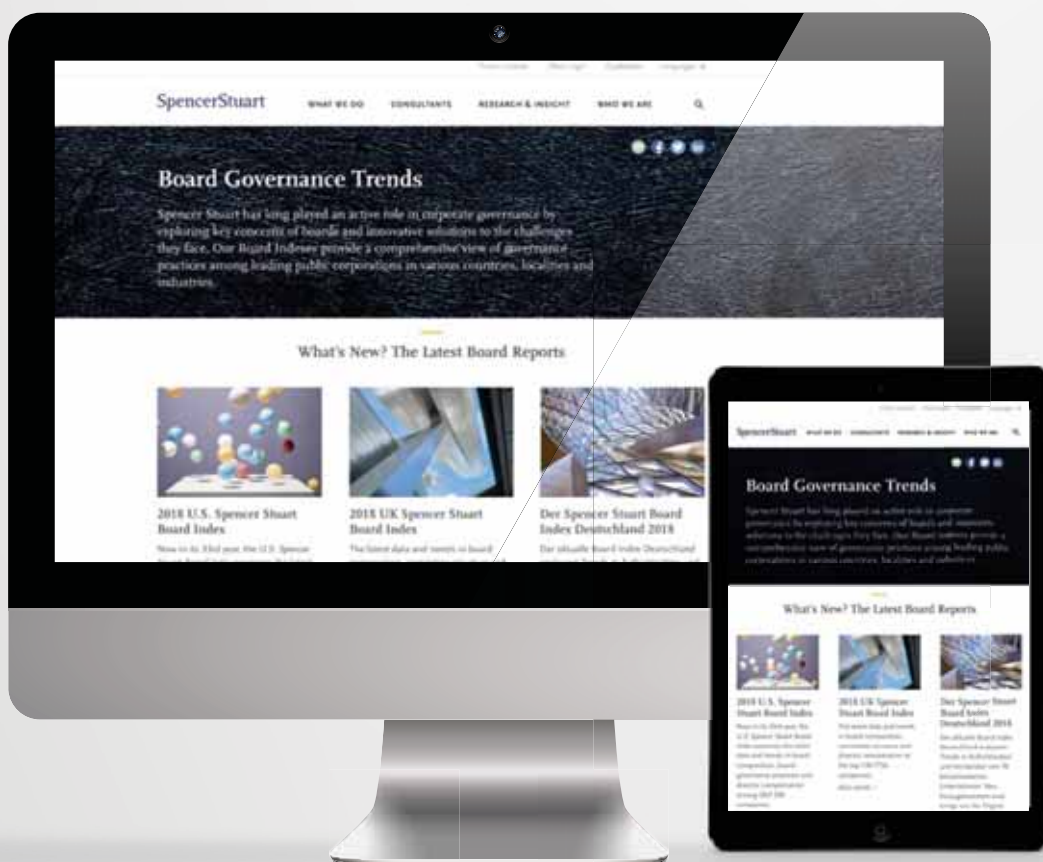
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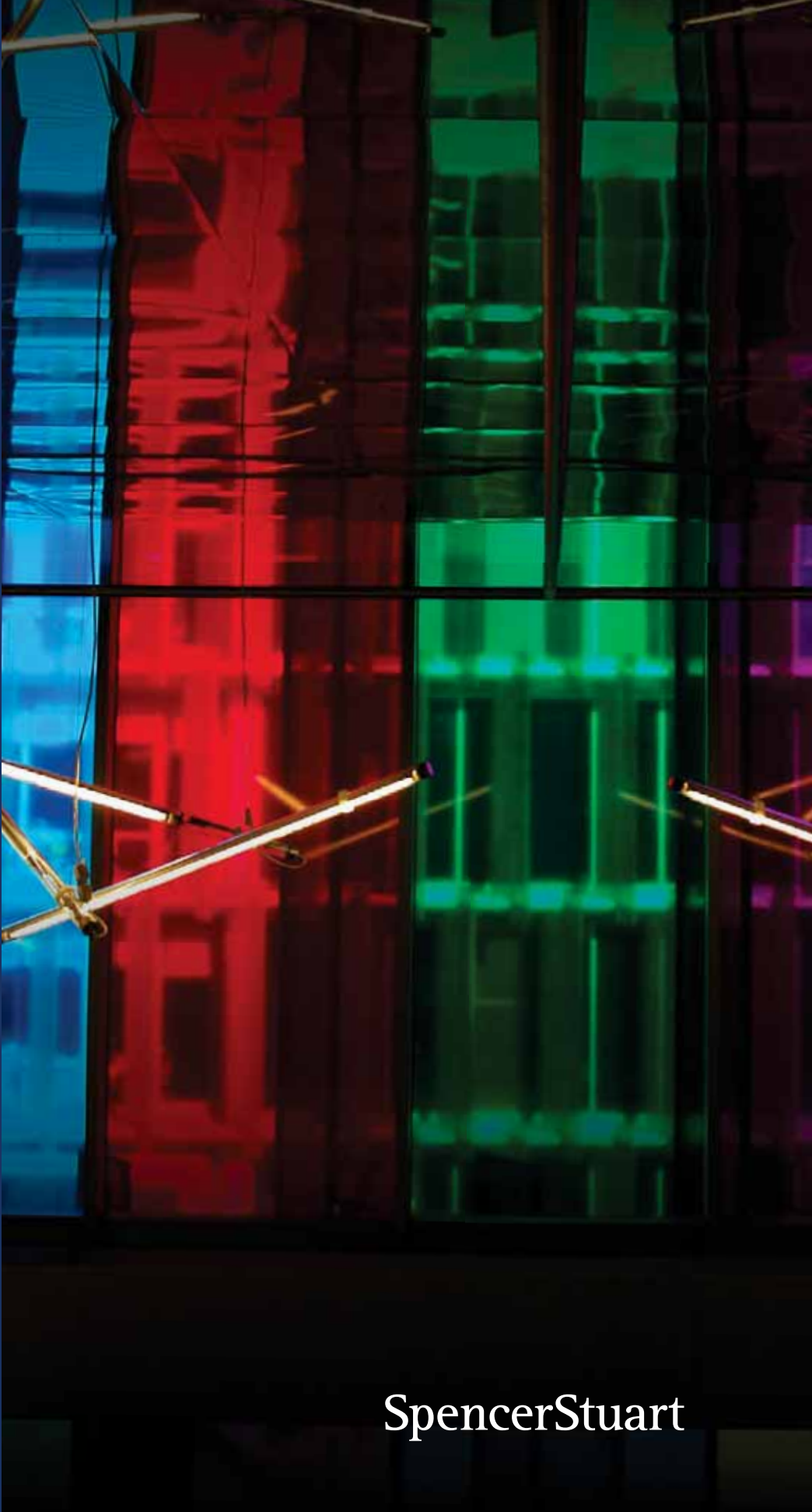
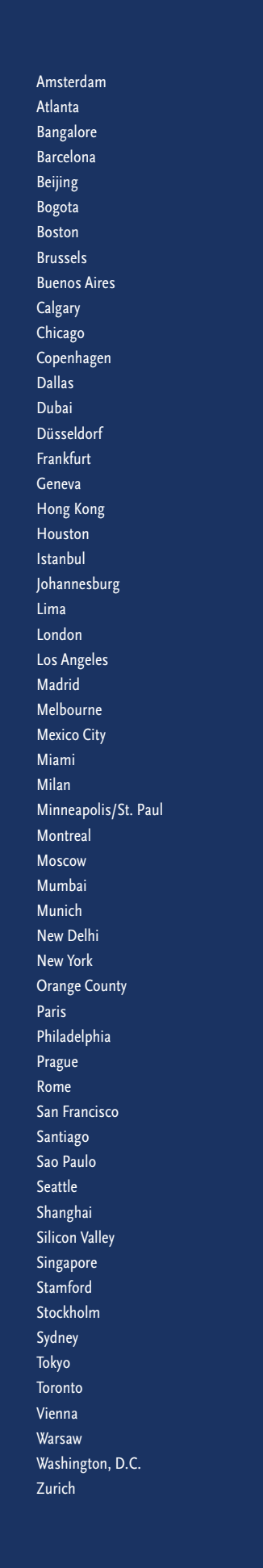
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