

2022 Turkey Spencer Stuart Board Index Highlights

Spencer Stuart has been operating in Turkey for the past 10 years. During this time, we have witnessed a gradual evolution in the role of the board, with greater attention paid to corporate governance, board composition and diversity.

Now in its 9th edition, the *Turkey Spencer Stuart Board Index* analyses the board governance practices of companies in the BIST 30 index. Some of the most notable findings are highlighted below.

Diversity

Female representation on BIST 30 boards has been steadily increasing in recent years. However, our data shows that further progress is still needed. The country's Corporate Governance Principles (CGP) recommend that Turkish boards have at least one female member and encourage companies to aim for a target of 25% female representation.

	2022	2021
% female board members including members of the owning family	17.4%	18.5%
% female board members excluding members of the owning family	15%	14%

Note: Doğan Holding, who have several female family members on the board, are not included in the 2022 sample.

- » Two companies have female chairs (7%)
- » 11.4% of executive team members are women
- » 14% of directors are foreign. This represents a significant increase from 8% in 2021
- » 17 companies are governed by entirely national boards (compared with 21 in 2021)

17.4%

of board members are women
(including members of
the owning family)

14%

of directors are foreign

17

companies are governed by
entirely national boards

36%

of chairs sit on at least one
other listed company board

Board composition

The average size of BIST 30 boards has remained virtually the same (9.5 members versus 9.6 in 2021).

- » 15 companies have 9 to 11 directors (54%)
- » Three companies combine the roles of chair and CEO
- » 44% of new directors were joining a listed company board for the first time
- » The average age of new directors is 54.5 years, compared with the average age of all directors at 58.9 years

Board meetings and commitments

BIST 30 boards meet more often than boards in other European countries, as a result of some very different practices in Turkey, partly explained by the range of responsibilities assumed by boards.

- » The average number of meetings for a BIST 30 board is 15 per year (not counting one company that recorded 145 meetings during the year)
- » 20 companies convene 14 times or fewer (71%)
- » 36% of chairs sit on at least one other listed company board
- » 11% of CEOs have an outside directorship

Remuneration

Fees for non-executive directors vary widely.

- » In the highest paying board, when foreign nationals are included the average fee for directors is TRY 1,871,765
- » When foreign nationals are excluded, the average fee is TRY 1,200,000.
- » In lowest paying board, the average fee is TRY 70,588
- » The average fee for a non-executive director across all BIST 30 companies is TRY 607,624 in 2022, compared with TRY 421,197 in 2021
- » These are all annual gross payments

Committees

BIST 30 boards have an average of four committees, although five boards maintain more than five committees.

- » Credit committees meet 43 times per year (on average)
- » Audit committees meet 7.5 times (on average)
 - 14% of audit committees are led by female chairs
 - 18% of corporate governance committees are led by female chairs
 - 18% of risk committees are led by female chairs
 - 26% of nomination and/or remuneration committees are led by female chairs
- » 25% of companies have a sustainability committee, yet only two have committees relating to social responsibility. There is a trend in some other countries for boards to form an ESG Committee in response to investor scrutiny on environmental, social and governance issues. We believe this is a potential area of development for BIST 30 companies.

Sustainability and the board

As Turkish companies seek to raise capital from foreign investors, they will have to address the topic of sustainability. Investors are increasingly focused on how companies are dealing with environmental, social and governance (ESG) issues. Organisations that are not seeking to reduce their carbon footprint, for example, or limit the environmental damage of their operations, will find it more and more difficult to attract investment.

In the past, sustainability has been seen as a marketing tool, but this is no longer the case. Sustainability — and specifically climate change — is a strategic business issue, and boards must understand the risks and opportunities for their companies from looking at the business through a sustainability lens.

In the UK, for example, our research shows that 47 out of the top 150 FTSE companies now have a board committee that deals with Sustainability or ESG issues. This pattern is mirrored in other European countries, and we expect Turkish boards to have to devote more time to ESG in the coming years.



The complete 2022 *Turkey Spencer Stuart Board Index* will be available online at www.spencerstuart.com in November 2022.

54.5

the average age of
new directors

58.9

the average age of
all directors

TRY 607,624

the average fee for
non-executive directors
at BIST 30 companies

25%

of companies have a
sustainability committee

Sustainability in the Spotlight: Board ESG Oversight and Strategy

Growing interest in environmental, social and governance (ESG) issues from investors, employees, customers and other stakeholders has put pressure on companies to act. And as companies respond, the board has become a central player in overseeing and integrating ESG risks and opportunities into their organizations — even as they rush to gather the experience and expertise needed to lead in the topic.

In light of this, Spencer Stuart and Diligent Institute surveyed 590 corporate directors for insights on how boards are structuring oversight of ESG issues, how they are adjusting to address ESG topics and how they are preparing directors to fulfill their responsibilities as they evolve and expand.

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At Spencer Stuart, we know that leadership has never mattered more. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises, on their stakeholders and the world around them. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness, particularly in the context of the changing stakeholder expectations of business today. For more information on Spencer Stuart, please visit www.spencerstuart.com.

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