



“The Impact of ESG and Business Ethics on Reputation” Research Report

**The written and verbal opinions and evaluations included in this presentation are personal evaluations of the presenter(s) and do not reflect TEİD's opinion.*

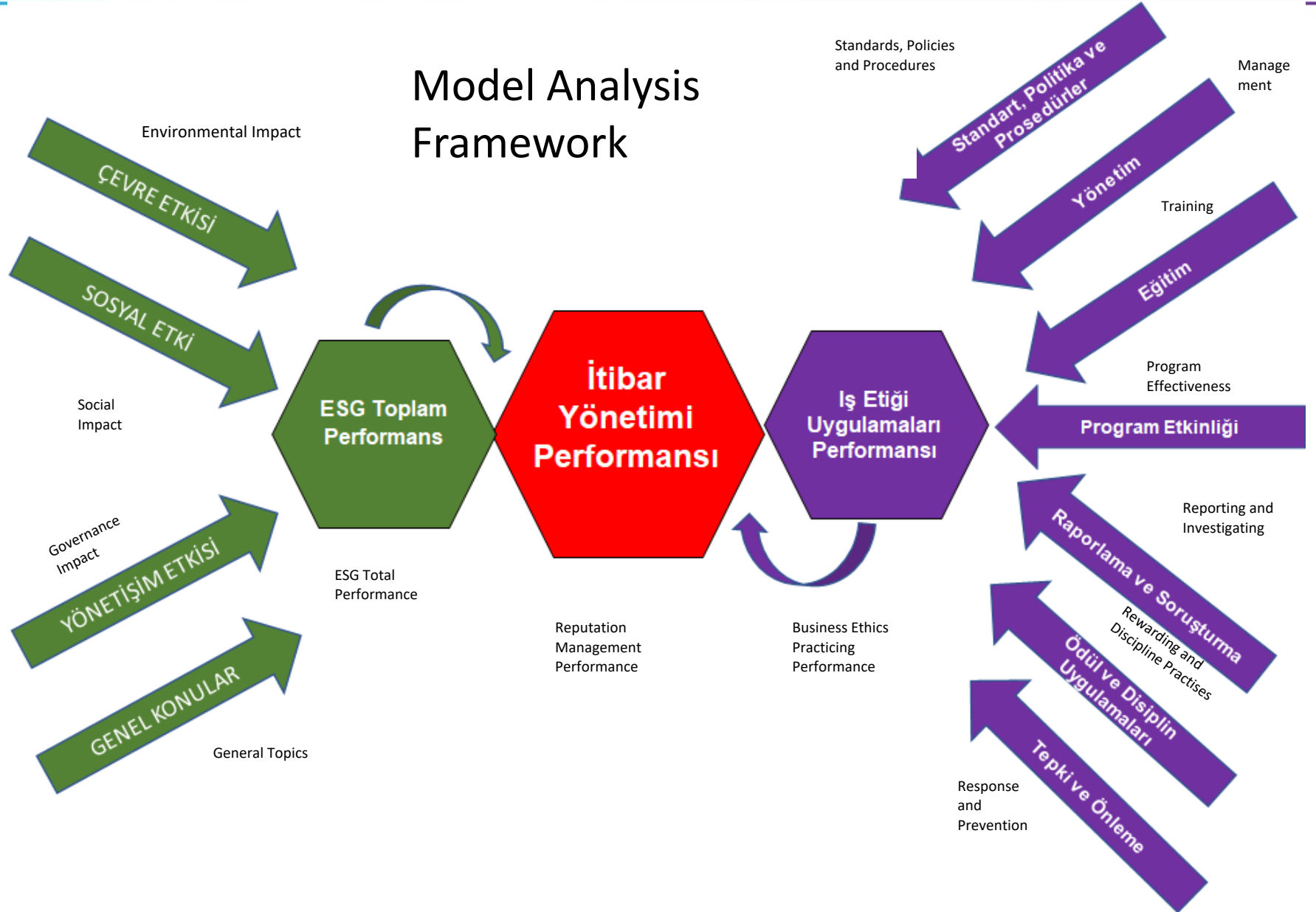
ABOUT RESEARCH

The aim of the research is to measure the impact of business ethics and ESG (Environmental, Social and Governance) on corporate reputation among business professionals.

The research was conducted between August 4, 2022 and September 19, 2022, and 145 representatives from over 44 sectors were surveyed through an online survey application (CAWI).

The survey content measured ESG performance, business ethics performance, reputation management performance, and the strength of the relationship between these three areas, taking into account the companies where the respondents work, the companies they consider most reputable, the companies they find most successful in the ESG field, and the companies they find most successful in business ethics practices.

Model Analysis Framework





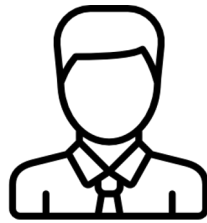
Profile of Respondents

Gender and Age

Gender (%)



51% Female



43% Male

6% of the 145 individuals surveyed chose to respond with "I do not want to answer" to the gender question.

Base: 145

Age (%)

18-24 2%

25-34 19%

35-44 38%

45-54 22%

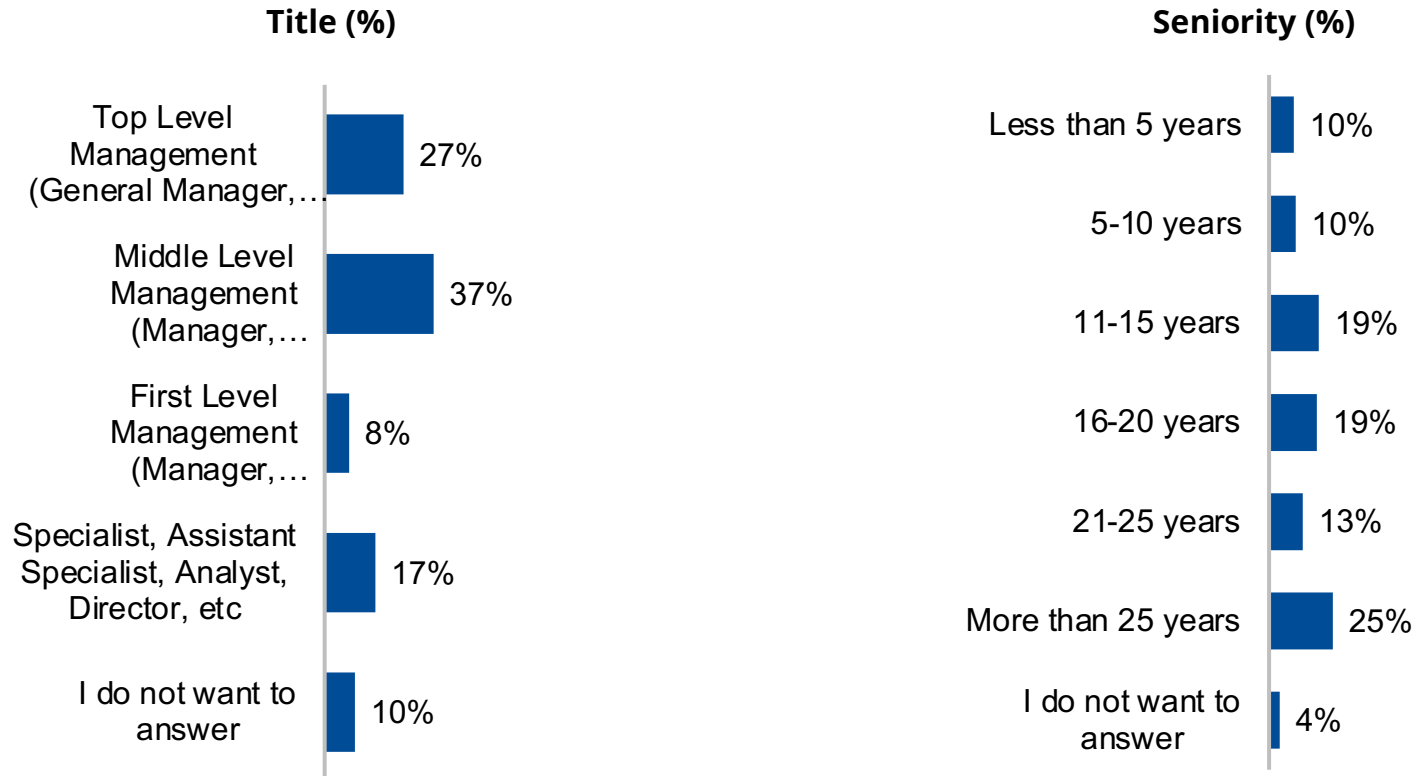
55- 65 10%

65+ 1%

I do not want to answer 7%

Average age: 42

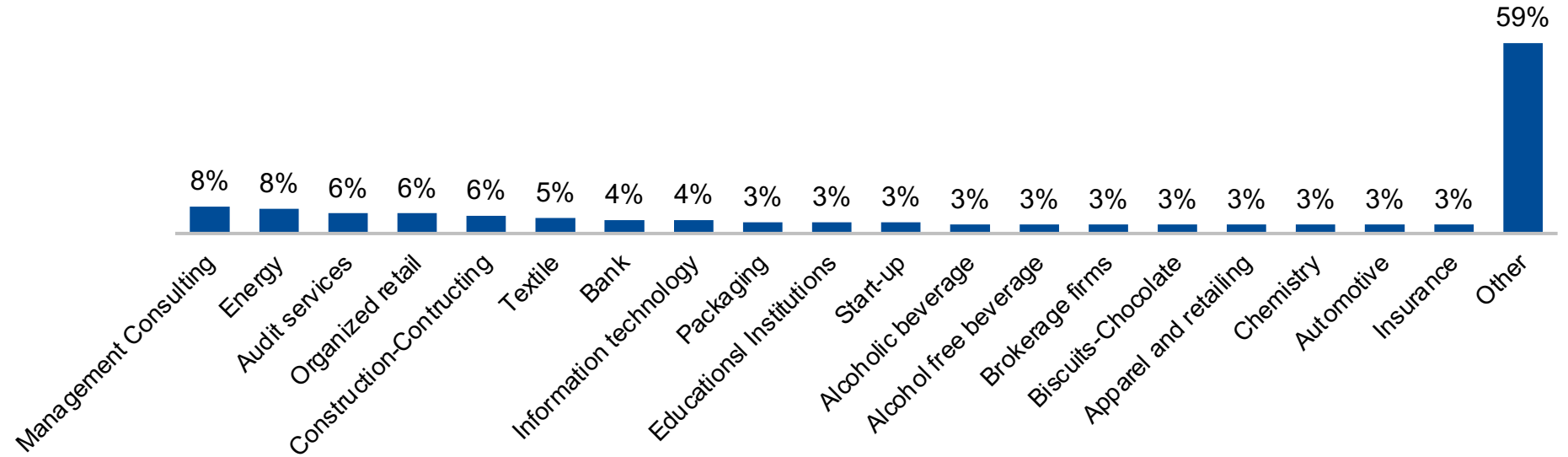
Title and Seniority



Base 145

**Average Seniority
Years: 17.5**

Sector



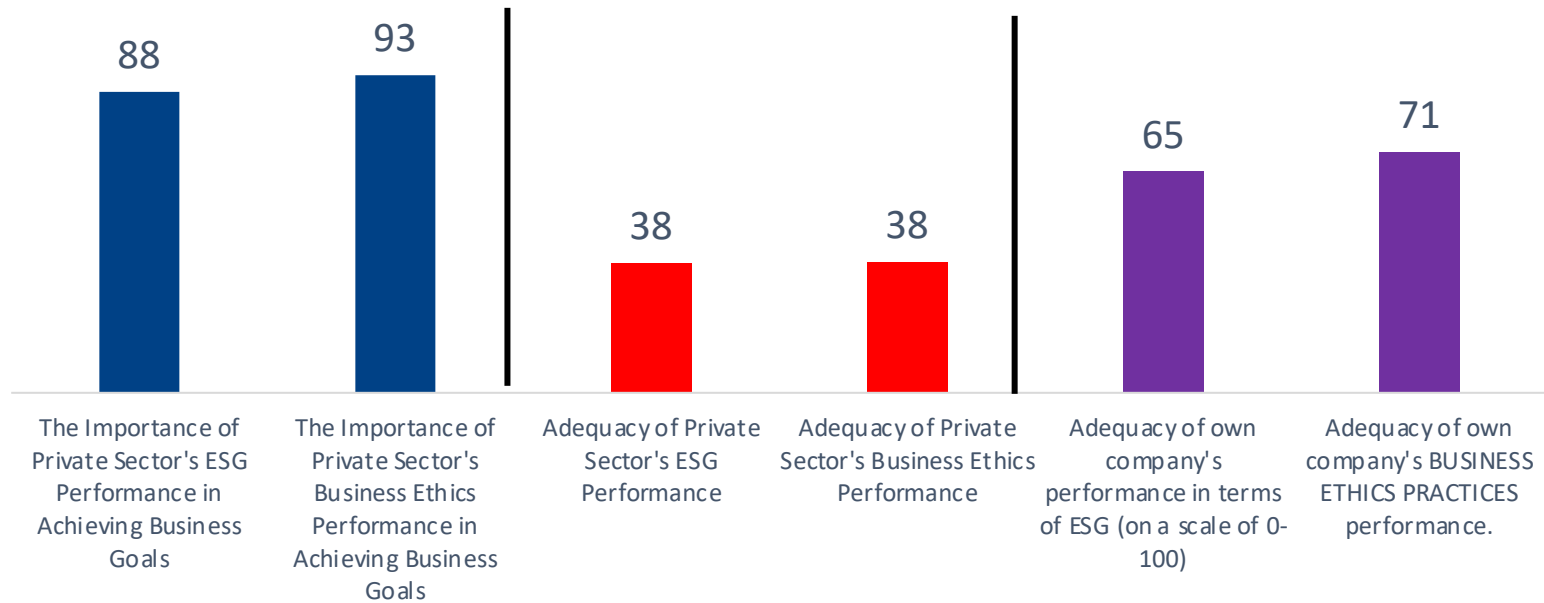
Base:145

The Other category represents the total of responses that are 2% or less. Answers have been received from more than 44 sectors for this question.



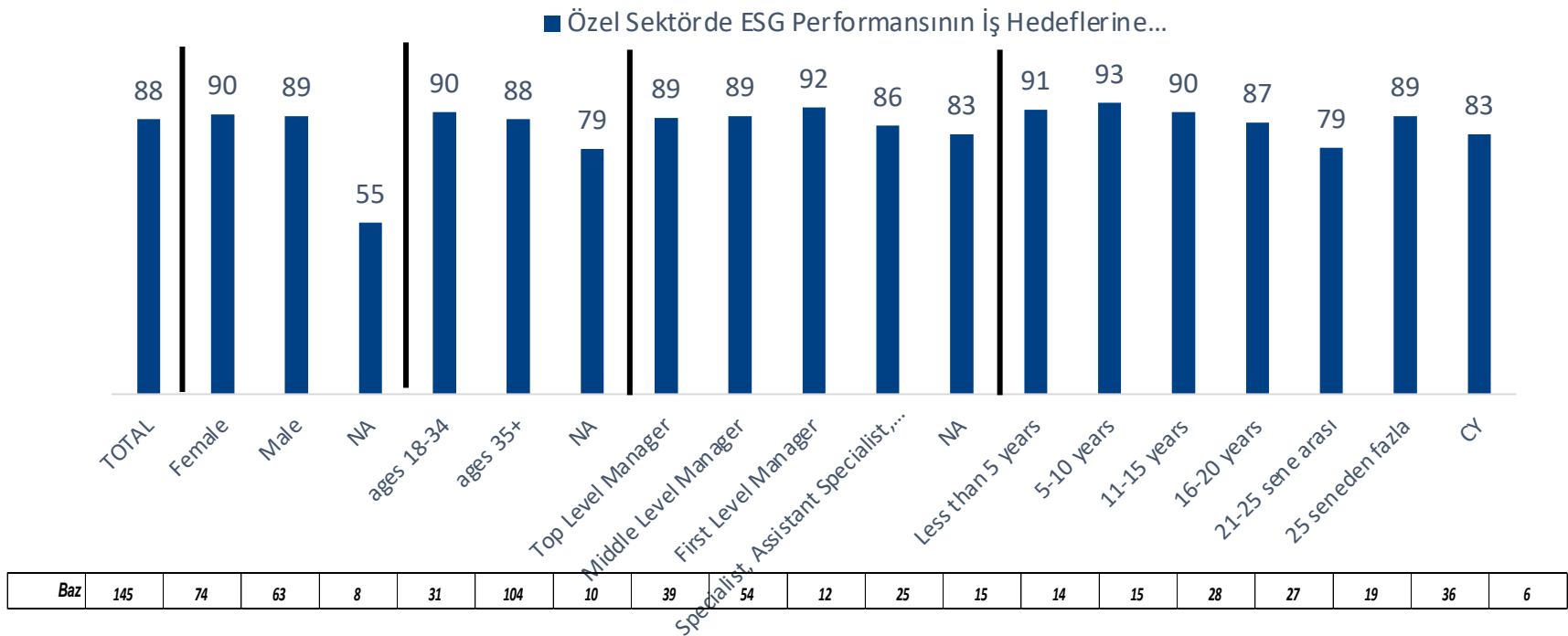
General Perception of ESG and Business Ethics

ESG and Business Ethics Practice Importance-Performance (0-100)



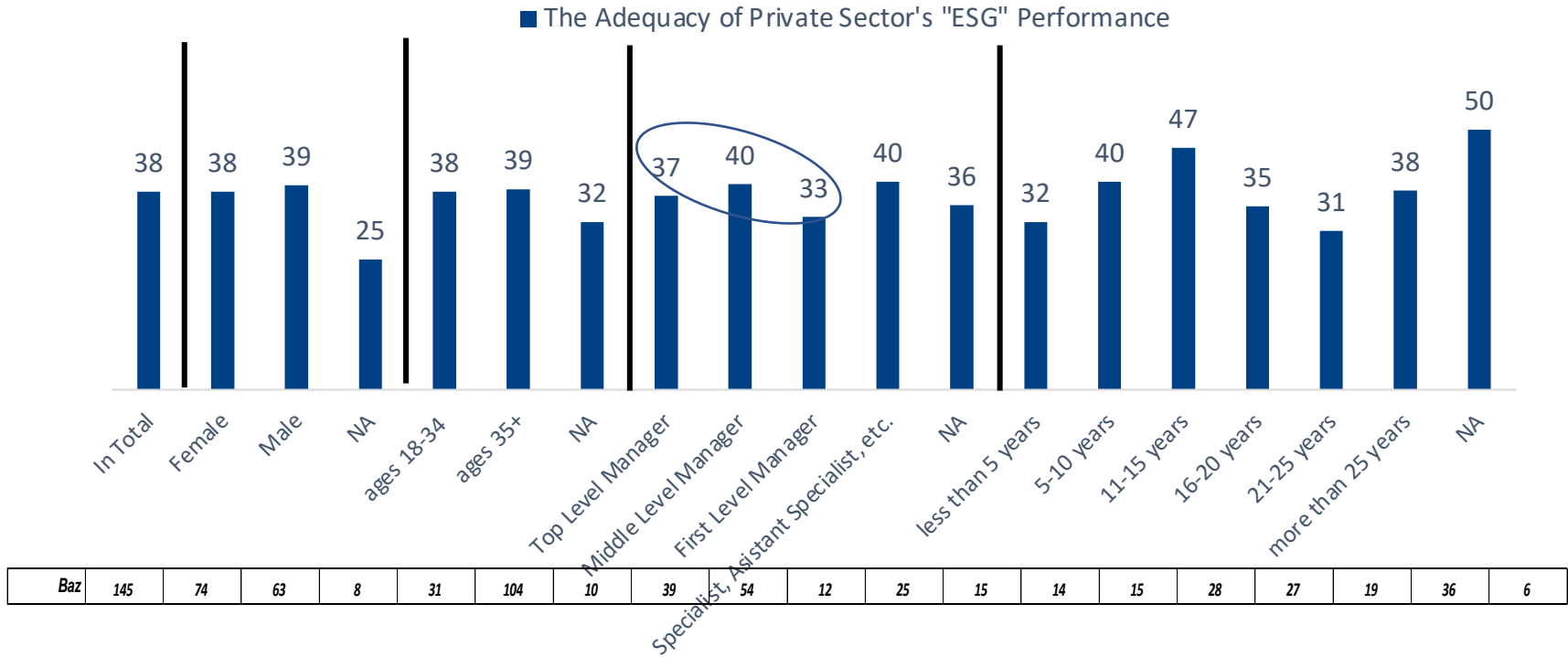
S2a. In your opinion, how important is the private sector's (companies') performance in ESG to achieving their business goals?
 S2b. In your opinion, how important is the private sector's (companies') performance in business ethics practices to achieving their business goals?
 S3a. In your opinion, how adequate is the private sector's (companies') performance in ESG?
 S3b. In your opinion, how adequate is the private sector's (companies') performance in business ethics practices?
 S4a. How do you evaluate your company's performance in ESG?
 S4b. How do you evaluate your company's performance in business ethics practices?

Importance level (0-100) of private sector companies' performance on ESG in achieving their business goals.



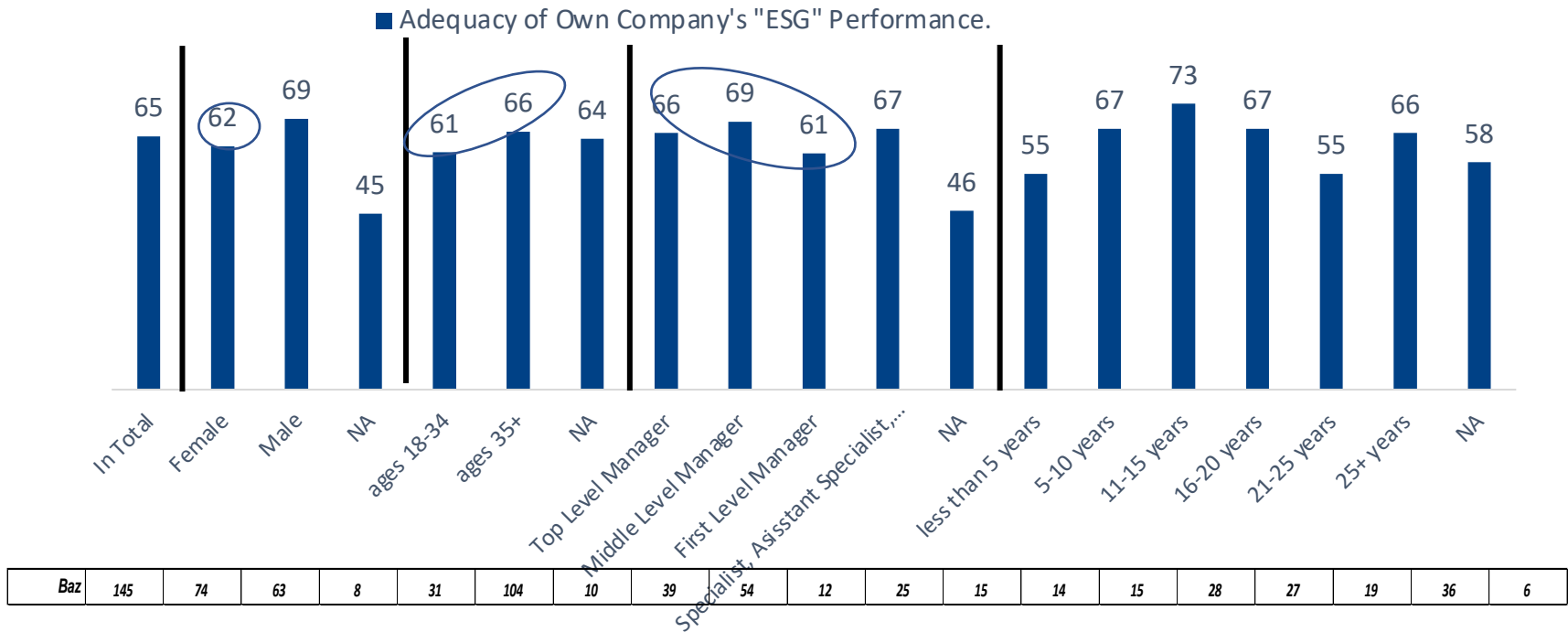
*NA stands for "Choose not to answer."

The adequacy level (0-100) of the private sector's (companies') performance in ESG.



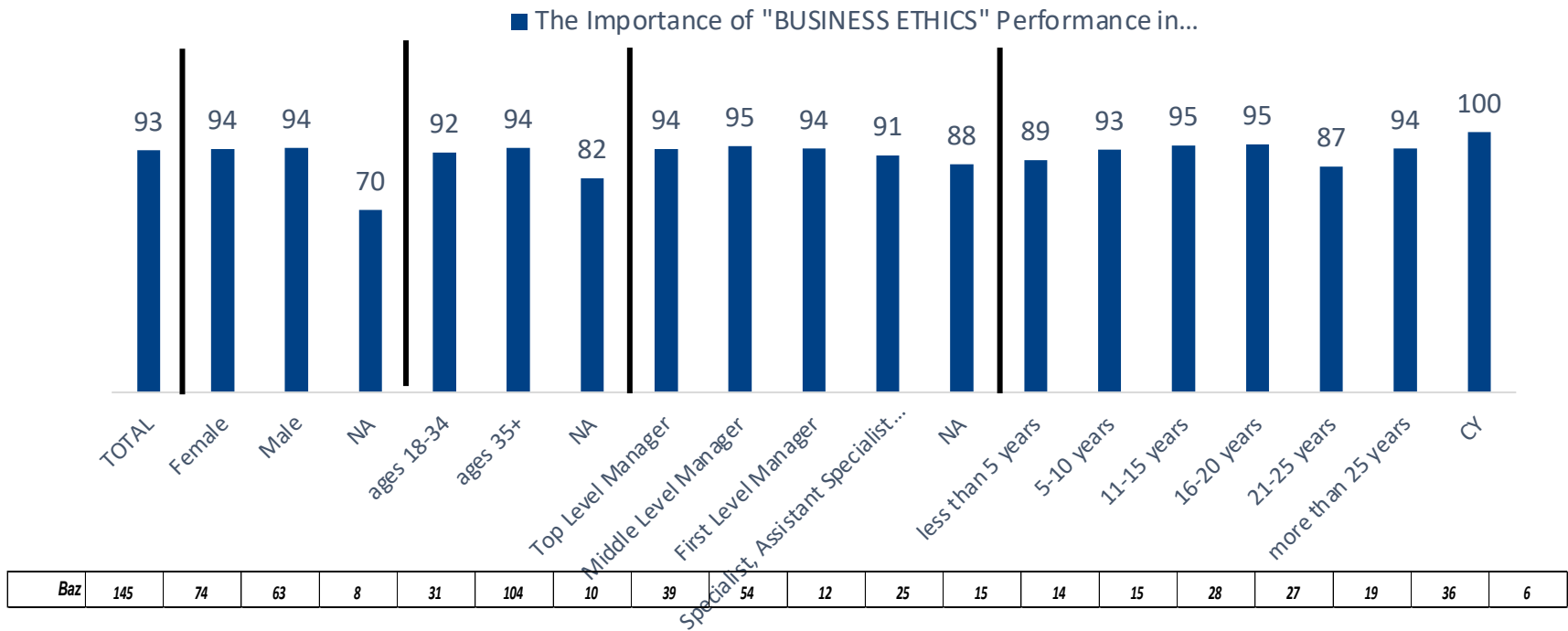
NA stands for "Choose not to answer."

The adequacy of **your company's performance** in terms of **ESG** (on a scale of 0-100)



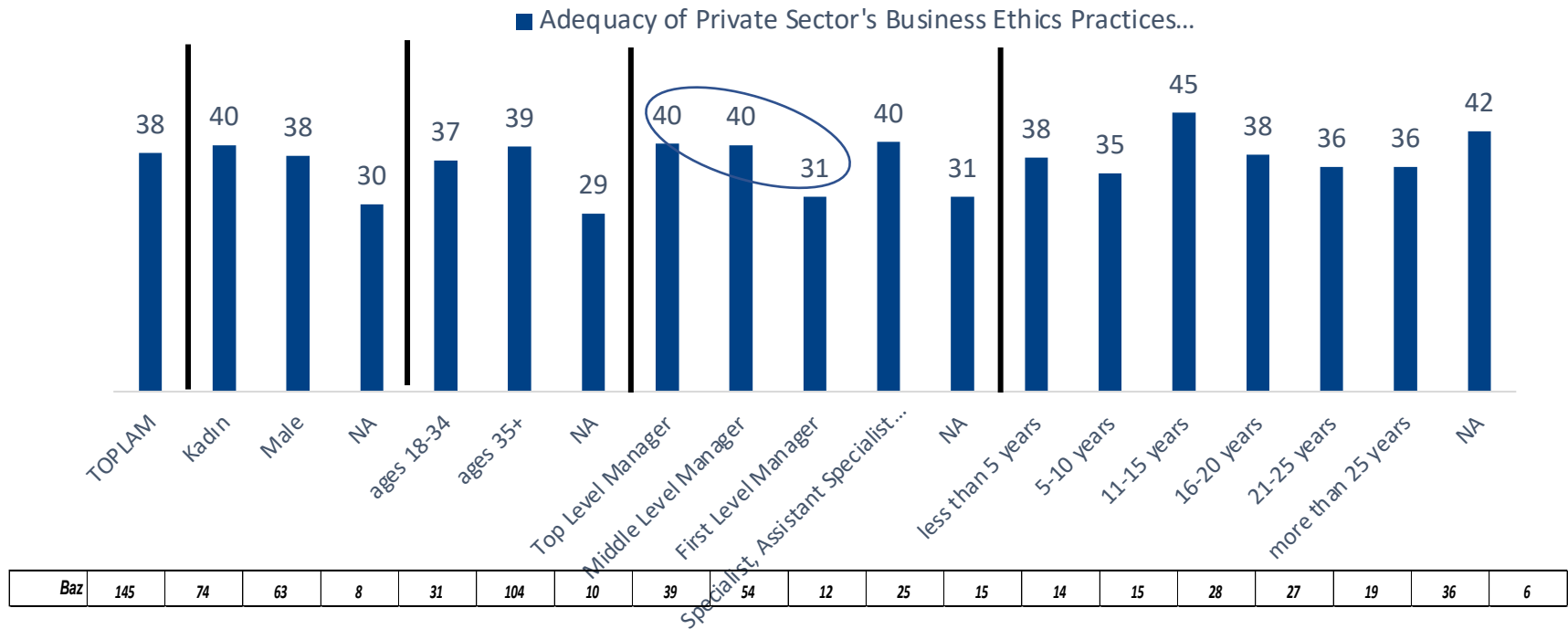
NA stands for "Choose not to answer"

The Importance Level (0-100) of Corporate Ethics Performance in Achieving Business Objectives in the Private Sector (Companies)



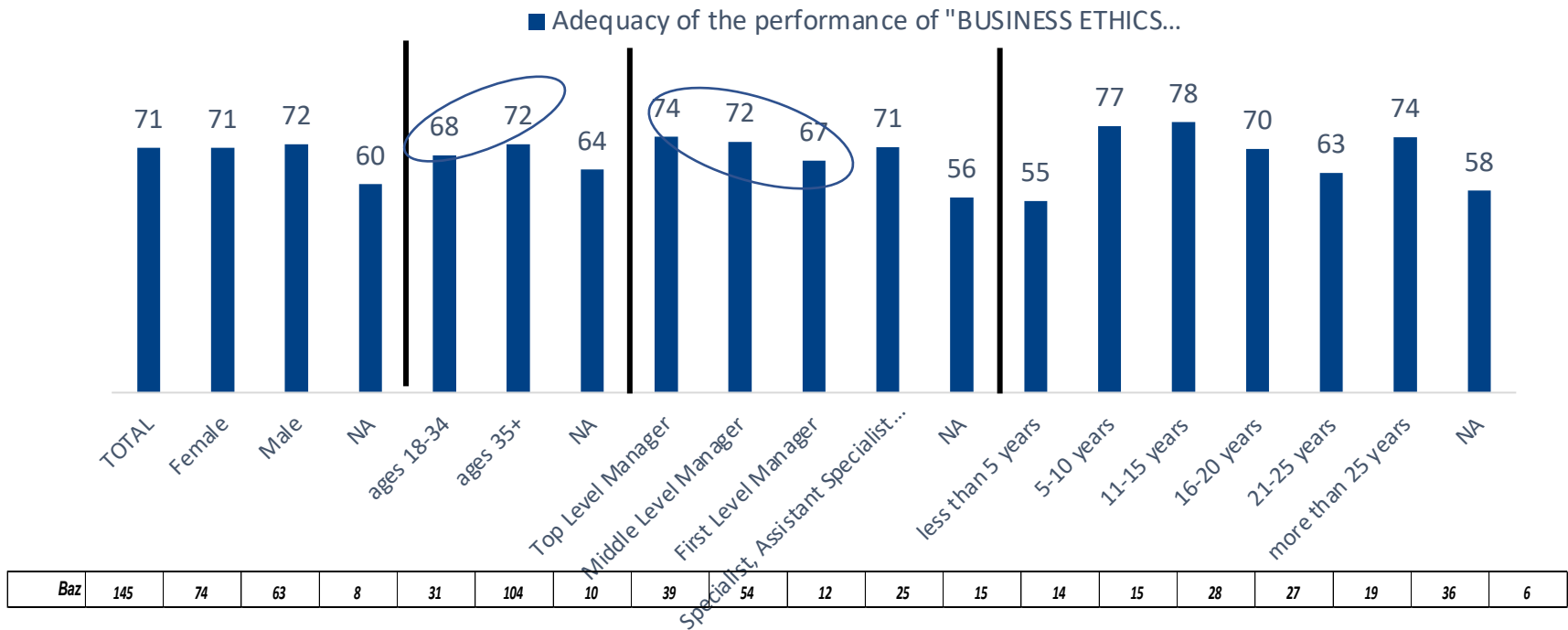
*NA stands for "Choose not to answer"

Adequacy of private sector (corporate) performance in Business Ethics (0-100)



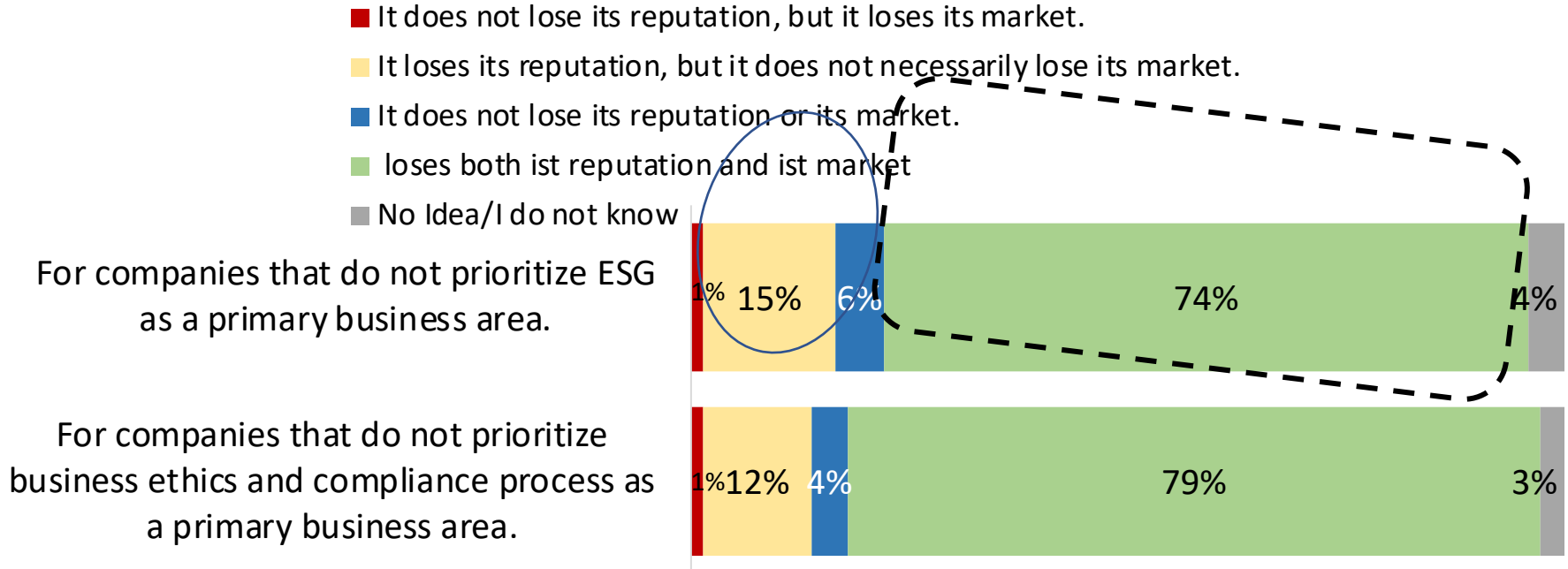
*NA stands for "Choose not to answer"

Adequacy of the performance of your own company in "BUSINESS ETHICS PRACTICES" (0-100)



*NA stands for "Choose not to answer"

The Future Reputation Position of Companies That Do Not Prioritize "ESG" and "Business Ethics & Compliance Process" as Primary Business Areas.



S5a. Which of the following statements do you think is more appropriate regarding the future position of companies that do not prioritize ESG as a primary business area?

S5b. Which of the following statements do you think is more appropriate regarding the future position of companies that do not prioritize business ethics and compliance process as a primary business area??

Future Reputation Position of Companies That Do Not Prioritize "ESG" as Primary Business

Areas- detailed table

	Total	Female	Male	NA	Ages 18-34	Ages 35+	NA	Top Level Manager	Middle Level Manager	First Level Manager	Specialist, Assistant Specialist, etc.	NA	Less than 5 years	5-10 years	11-15 years	16-20 years
It does not lose its reputation, but it loses its market.	1%	3%	-	-	6%	-	-	-	-	-	8%	-	-	13%	-	-
It loses its reputation, but it does not necessarily lose its market.	15%	19%	13%	-	13%	17%	-	23%	15%	8%	8%	13%	7%	13%	18%	22%
It does not lose its reputation or its market.	6%	4%	6%	13%	3%	6%	10%	-	7%	8%	4%	13%	7%	-	4%	4%
It loses both its reputation and its market.	74%	73%	79%	38%	71%	77%	50%	77%	76%	75%	76%	53%	79%	73%	75%	70%
No Idea/I do not know	4%	1%	2%	50%	6%	-	40%	-	2%	8%	4%	20%	7%	-	4%	4%
Baz	145	74	63	8	31	104	10	39	54	12	25	15	14	15	28	21

“The Future Reputation Position of Companies That Do Not Prioritize Business Ethics and Compliance Processes- *detailed table*”

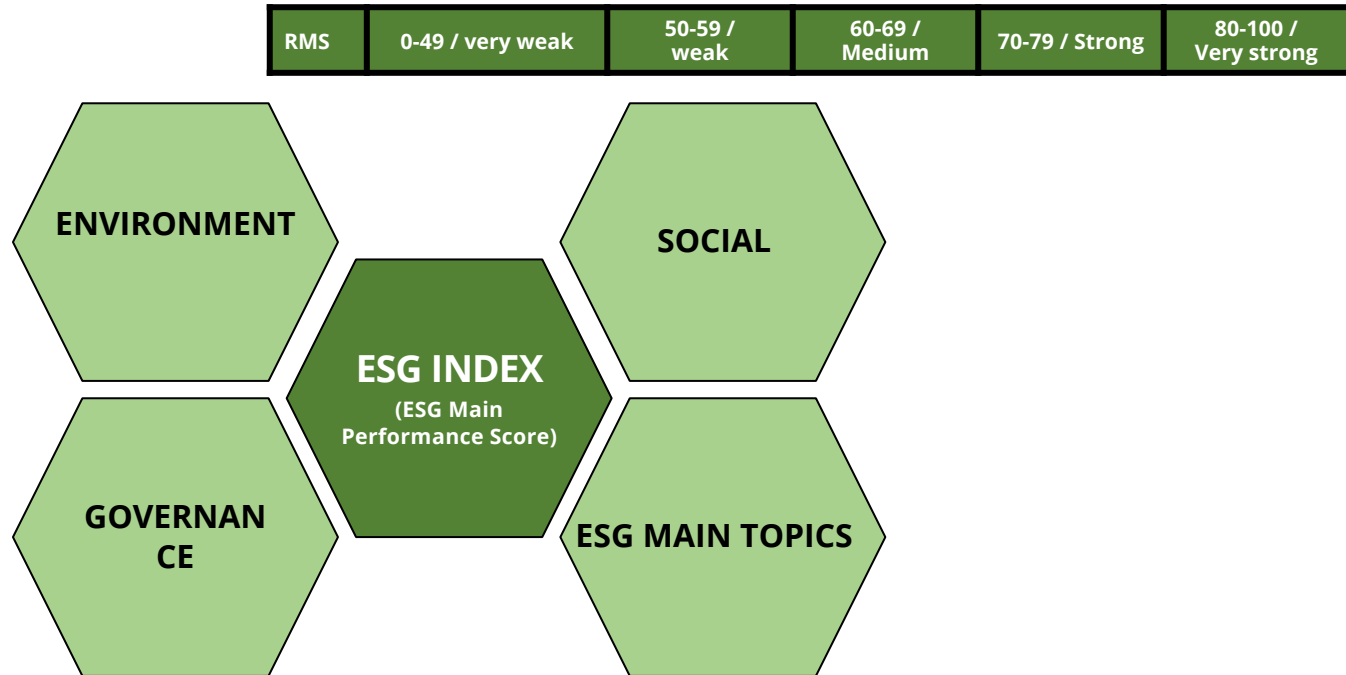
	TOTAL	Female	Male	NA	Ages 18-34	Ages 35+	NA	Top Level Manager	Middle Level Manager	First Level Manager	Specialist, Assistant Specialist etc.	NA	Less than 5 years	5-10 years	11-15 years	16-20 years	21-25 years	More than 25 years	NA
It does not lose its reputation, but it loses its market.	1%	3%	-	-	6%	-	-	-	-	-	8%	-	-	13%	-	-	-	-	-
It loses its reputation, but it does not necessarily lose its market.	12%	16%	10%	-	13%	13%	-	21%	15%	-	4%	7%	7%	13%	29%	7%	16%	6%	-
It does not lose its reputation or its market.	4%	3%	5%	13%	3%	4%	10%	-	4%	8%	4%	13%	7%	-	4%	-	11%	6%	-
It loses both its reputation and its market.	79%	77%	86%	50%	74%	83%	60%	79%	81%	92%	80%	60%	86%	73%	64%	93%	74%	89%	50%
No Idea/I do not Know	3%	1%	-	38%	3%	-	30%	-	-	-	4%	20%	-	-	4%	-	-	-	50%
Baz	145	74	63	8	31	104	10	39	54	12	25	15	14	15	28	27	19	36	6



ESG (Environmental Impact, Social Impact, Governance) Performance of Companies in Turkey

ESG Index (ESG Main Performance Score)

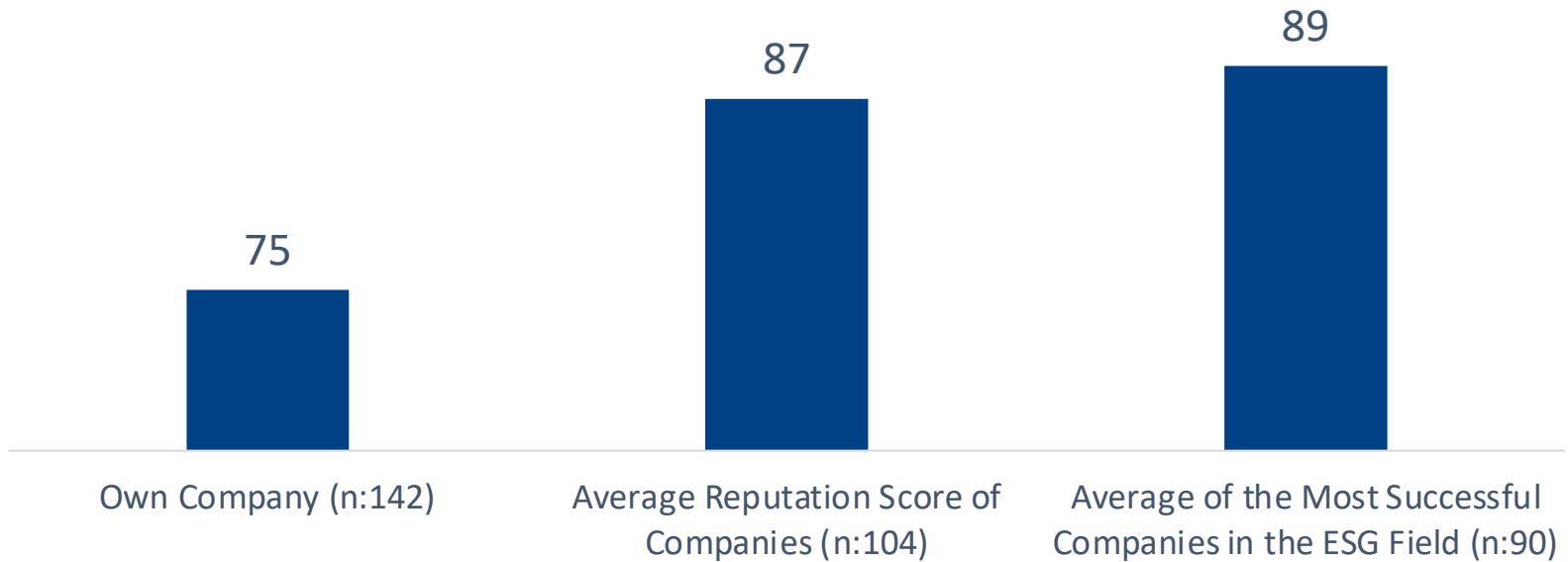
The ESG Index (ESG Main Performance Score) is calculated based on the main performance dimensions of environmental, social, and corporate governance that make up ESG.



The ESG Main Performance Score is calculated as an index score and expressed on a scale of 0 to 100..

5	Water and Wastewater Management (aims to reduce water consumption to ensure efficient use of water and takes necessary measures to prevent the adverse environmental impacts of wastewater generated by its activities.)
6	Biodiversity and Land Use (Places importance on conserving biodiversity in its activities and works to reduce the adverse impacts arising from its activities on biodiversity.)
TOPICS RELATED TO SOCIAL	
7	Occupational Health and Safety / OHS (ensures the health and safety of its employees, establishes and continuously improves an OHS management system to provide a healthy and safe working environment in the workplace.)
8	Human Rights, Diversity, and Inclusion (respects human rights principles, treats its employees equally and fairly, adopts and implements policies based on diversity and inclusion.)
9	Social Responsibility and Contribution to Society (develops and implements social responsibility policies and strategies to contribute to society.)
10	Stakeholder Participation (maintains an open, understandable, and transparent communication relationship with its stakeholders, determines sustainability priorities by considering stakeholder expectations.)
TOPICS RELATED TO GOVERNANCE	
11	Corporate Governance (operates according to transparent, responsible, and accountable principles within the framework of corporate governance.)
12	Sustainability Organization (established a sustainability organization within the company to ensure environmental, social, and governance performance and has determined its responsibilities.)
13	Sustainability Reporting and Transparency (publishes an annual sustainability report in accordance with national and global standards to share its sustainability performance results with its stakeholders.)
TOPICS RELATED TO ESG	
14	Sustainable Supply Chain Management (develops and implements management policies (such as no child labor, freedom of association, no forced labor, Business Ethics Code, compliance with OHS and Environmental Standards, etc.) to create a sustainable and responsible supply chain.)
15	Product and Service Design and Life Cycle Management (considers sustainability in the design, development, and delivery of products and services, evaluates and reduces sustainability impacts throughout the product life cycle.)

■ ESG Performance Index Score



The ESG Index Score (ESG Main Performance Score) is calculated from the average of the main performance dimensions related to environmental impact, social impact, corporate governance, and general ESG issues that make up the ESG. The index is shown by converting the average obtained on a 1-5 Likert scale to a range of 0-100.

ESG Performance Index Score- Detail

	TOTAL	fEMALE	Male	NA	Ages 18-34	Ages 35+	NA	Top Level Manager	Middle Level Manager	First Level Manager	Specialist, Assistant Specialist etc.	NA	Less than 5 years	5-10 years	11-15 years	16-20 years	21-25 years	More than 25 years	NA
Own Company	75	74	78	66	75	75	72	77	78	76	72	63	66	82	78	76	70	76	71
Reputation Score Average of Companies	87	85	90	97	82	89	84	89	87	86	82	91	75	88	87	86	88	92	75
Average of the Most Successful Companies in the ESG Field	89	89	89	100	87	90	85	91	90	85	88	93	85	92	88	89	88	92	88

The ESG Index Score (ESG Main Performance Score) is calculated from the average of the main performance dimensions related to environmental impact, social impact, corporate governance, and general ESG issues that make up the ESG. The index is displayed by converting the average obtained on a 1-5 Likert scale to a range of 0-100.

Assessment of Own Companies based on ESG Detail Performance

Criteria
Impact
(Impact correlation)
Performance
(0-100)

Occupational Health and Safety / OHS (ensures the health and safety of its employees, establishes and continuously improves an OHS management system to provide a healthy and safe working environment in the workplace.)

0.804

85

Environmental Management System (establishes and continuously improves environmental management systems (such as ISO 14001, ISO 14046, ISO 14064, etc.) to minimize the adverse environmental impacts arising from its activities.)

0.781

79

Social Responsibility and Contribution to Society (develops and implements social responsibility policies and strategies to contribute to society.)

0.752

79

Responsible Resource Use and Waste Management / Circular Economy (develops processes for reducing, reusing, recycling, and recovering materials used in its products and services, as well as for managing waste generated by its activities.)

0.832

79

Human Rights, Diversity, and Inclusion (respects human rights principles, treats its employees equally and fairly, adopts and implements policies based on diversity and inclusion.)

0.751

78

Water and Wastewater Management (aims to reduce water consumption to ensure efficient use of water and takes necessary measures to prevent the adverse environmental impacts of wastewater generated by its activities.)

0.782

77

Energy Management (develops energy efficiency policies and reduces energy consumption by implementing efficiency programs.)

0.796

77

Stakeholder Participation (maintains an open, understandable, and transparent communication relationship with its stakeholders, determines sustainability priorities by considering stakeholder expectations.)

0.785

76

Corporate Governance (It is a company that is managed according to transparent, responsible and accountability principles within the framework of corporate governance.)

0.821

75

Climate Change Management (sets strategies and objectives for reducing greenhouse gas emissions and works towards achieving its goals.)

0.806

75

Sustainable Supply Chain Management (develops and implements management policies (such as no child labor, freedom of association, no forced labor, Business Ethics Code, compliance with OHS and Environmental Standards, etc.) to create a sustainable and responsible supply chain.)

0.796

75

Sustainability Organization (established a sustainability organization within the company to ensure environmental, social, and governance performance and has determined its responsibilities.)

0.845

74



The Performance of Business Ethics Practices in Companies in Turkey

Business Ethics Practices Performance Index

The Business Ethics Performance Index is calculated as the average of 7 performance criteria related to the business ethics and compliance process.



The Business Ethics Index score is expressed between 0 - 100.

Business Ethics Practices Performance Criteria

TOPICS RELATED TO BUSINESS ETHICS PRACTICES	
1	Standards, Policies, and Procedures (The company has an ethical code, compliance policies, and internal control systems integrated with business processes that declare the company's business principles and responsibilities.)
2	Management (There is a department or manager responsible for the effective management of ethical and compliance risks.)
3	Training (All employees of the company and relevant external stakeholders receive training on the risks they manage.)
4	Program Effectiveness (Regularly measures the effectiveness of the ethical and compliance risk management program and improves the program.)
5	Reporting and Investigation (The company has an open hotline for all stakeholders to report any misconduct. It makes necessary efforts and care to create a culture of reporting fraud and unethical behavior in the company.)
6	Reward and Discipline Practices (The company encourages behavior that is consistent with the ethical code and compliance policies, and penalizes non-compliant behavior.)
7	Response and Prevention (The company is prompt and decisive in eliminating ethical and compliance violations. It takes necessary measures to prevent these violations from happening again.)

Comparison of Own Company - Average of Most Reputable Companies and Average of Most Successful Companies in Business Ethics Practices.



Breakdown Results of Business Ethics Practices Overall Performance.

Comparison of Own Company - Average of Most Reputable Companies and Average of Most Successful Companies in Business Ethics Practices.

	Total	Female	Male	Top Level Manager	Middle Level Manager	First Level Manager	Specialist, Assistant Specialist etc.	Ages 18-34	Ages 35+
OVERALL PERFORMANCE FOR OWN COMPANY	75	76	76	79	78	67	74	76	75
AVERAGE OF THE MOST REPUTABLE COMPANIES	87	84	90	88	87	83	82	79	89
AVERAGE OF THE MOST SUCCESSFUL COMPANIES IN BUSINESS ETHICS PRACTICES	91	89	93	89	95	81	89	88	92

Evaluation of the performance of business ethics practices based on detailed performance criteria and their impact-performance for the own company

	Influence Power (Correlation)	Performance
Reporting and Investigation (The company has an open hotline for all stakeholders to report any misconduct. It makes necessary efforts and care to create a culture of reporting fraud and unethical behavior in the company.)	0.719	75
Program Effectiveness (Regularly measures the effectiveness of the ethical and compliance risk management program and improves the program.)	0.715	71
Management (There is a department or manager responsible for the effective management of ethical and compliance risks.)	0.708	77
Reward and Discipline Practices (The company encourages behavior that is consistent with the ethical code and compliance policies, and penalizes non-compliant behavior.)	0.696	74
Response and Prevention (The company is prompt and decisive in eliminating ethical and compliance violations. It takes necessary measures to prevent these violations from happening again.)	0.692	75
Standards, Policies, and Procedures (The company has an ethical code, compliance policies, and internal control systems integrated with business processes that declare the company's business principles and responsibilities.)	0.687	76
Training (All employees of the company and relevant external stakeholders receive training on the risks they manage.)	0.633	73

Evaluation of business ethics practices based on detailed performance criteria and performance assessment for own company

	Total	Female	Male	Top Level Manager	Middle Level Manager	First Level Manager	Specialist , Assistant Specialist etc.	Ages 18-34	Ages 35+
Standards, Policies, and Procedures (The company has an ethical code, compliance policies, and internal control systems integrated with business processes that declare the company's business principles and responsibilities.)	76	76	77	79	82	60	77	73	77
Management (There is a department or manager responsible for the effective management of ethical and compliance risks.)	77	76	78	76	83	65	81	79	76
Training (All employees of the company and relevant external stakeholders receive training on the risks they manage.)	73	72	75	72	78	60	78	77	72
Program Effectiveness (Regularly measures the effectiveness of the ethical and compliance risk management program and improves the program.)	71	73	70	71	75	57	79	76	70
Reporting and Investigation (The company has an open hotline for all stakeholders to report any misconduct. It makes necessary efforts and care to create a culture of reporting fraud and unethical behavior in the company.)	75	76	75	81	78	58	79	76	75
Reward and Discipline Practices (The company encourages behavior that is consistent with the ethical code and compliance policies, and penalizes non-compliant behavior.)	74	75	73	74	77	52	81	75	73
Response and Prevention (The company is prompt and decisive in eliminating ethical and compliance violations. It takes necessary measures to prevent these violations from happening again.)	75	76	75	76	80	60	78	76	75



Reputation Management Score (RMS)

*(In this research, RepMan model has been used for
reputation management performance scoring.)*

RepMan Reputation Management Performance Score (RMS)

The Reputation Management (RepMan) Reputation Score (RMS) is an appreciation-trust indicator calculated by measuring the performance of institutions in seven main areas listed below.



The Meaning of Intervals on the Scale

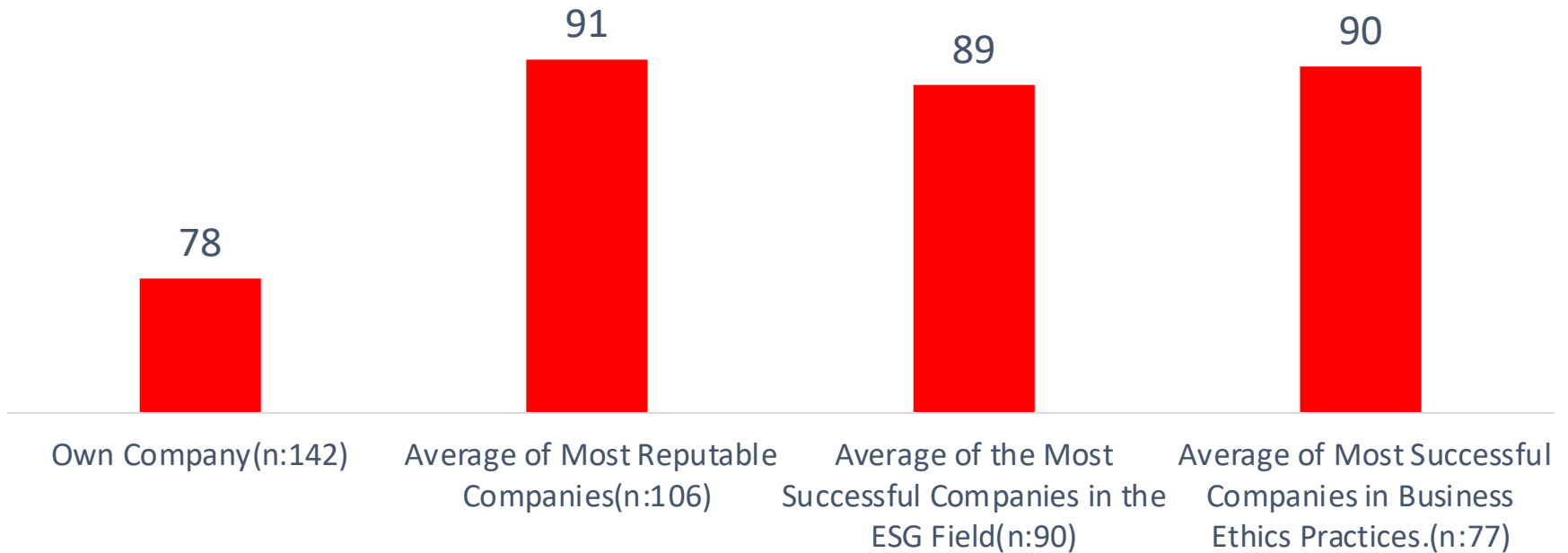
RMS	0-49 / Very weak	50-59 / Weak	60-69 / Medium	70-79 / Strong	80-100 / Very Strong
-----	---------------------	-----------------	-------------------	-------------------	-------------------------

The reputation level is calculated as an index score and is expressed between 0 and 100.

Reputation Management Performance Score (RMS)

Comparative analysis of the average reputation management performance scores of own companies, the most reputable companies, and the most successful companies in terms of ethical practices

■ The Reputation Management Performance...




Reputation Management Performance Score (RMS) - Breakdown Results


Comparison of Own Companies - Average of Most Reputable Companies - Average of Most Successful Companies in ESG and Ethical Practices


	Total	Female	Male	NA	Ages 18-34	Ages 35+	NA	Top Level Manager	Middle Level Manager	First Level Manager	Specialist, Assistant Specialist etc.	NA	Less than 5 years	5-10 years	11-15 years	16-20 years	21-25 years	More than 25 years	NA
Own Company	78	78	78	68	78	78	75	81	80	74	74	71	71	85	77	76	77	82	65
Average of Most Reputable Companies	91	90	92	100	89	91	94	92	91	85	89	92	84	93	89	91	91	93	88
Average of the Most Successful Companies in the ESG Field	89	88	91	100	88	90	86	90	90	83	89	92	84	95	87	90	84	92	88
Average of the Most Successful Companies in Implementing Business Ethics	90	89	91	100	88	91	100	92	92	80	88	95	79	96	87	90	91	95	-

Evaluation Based on Main Performance Dimensions of Reputation Management Comparative

	Own Company	Avg. of the Most Reputable Companies	Avg. of the Most Successful Companies in the ESG Field	Avg. of Most Successful Companies in Business Ethics Practices
Management Quality	77	88	87	90
Product / Service Quality	83	91	92	90
Employee Quality and Brand	74	90	89	90
Financial Stability	81	93	92	92
Social Responsibilities	77	93	91	91
Emotional attachment	76	89	87	88

 It refers to the period below 75 points.

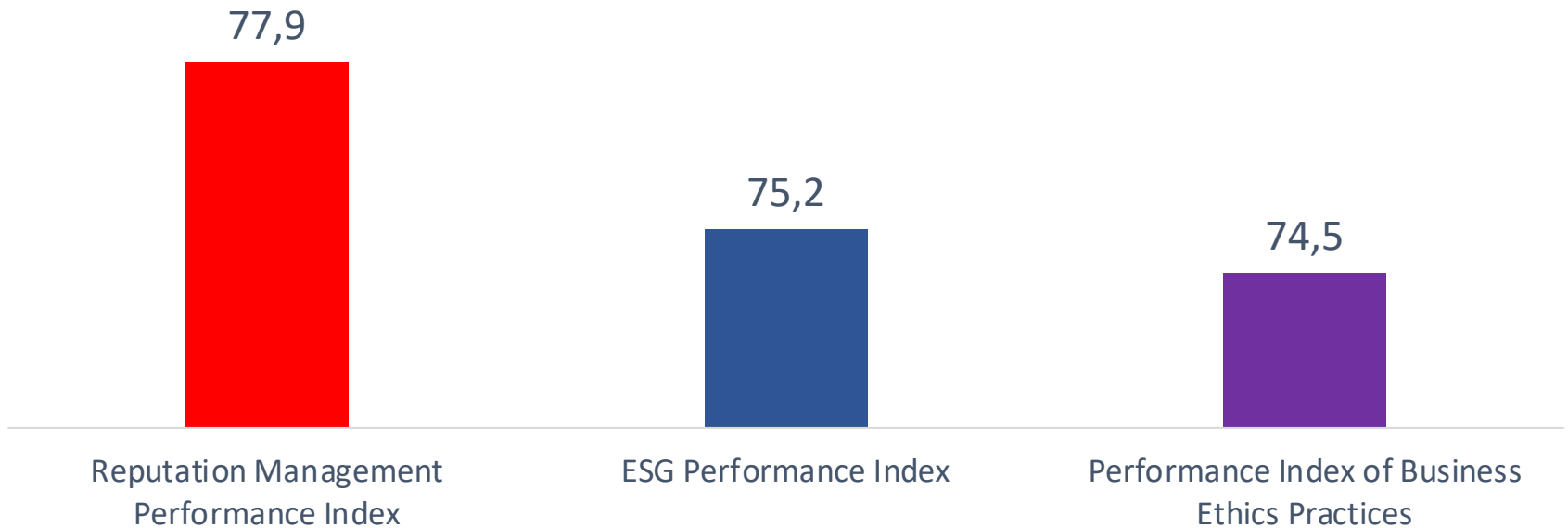
 . It refers to the period between 75 and 79.

 It refers to the period 79 and above.



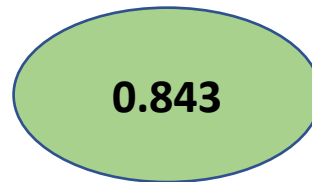
Summary Evaluation of Reputation - ESG - Business Ethics Performance and Reputation Relationship

Comparison of "Reputation Management - ESG - Business Ethics Practices" Index Scores in Relation to the Own Company



The Power of "ESG and Business Ethics" to Influence the Reputation of Own Company

ESG's Ability to Influence Reputation
(Correlation)



The Power of Business Ethics to Influence
Reputation (Correlation))



CORRELATION VALUES;
If it is less than 0.200; **VERY WEAK**
from 0.200 to 0.400; **WEAK**
0.400-0.600; **MEDIUM**
0.600-0.800 ; **STRONG**
Over 0.800; **VERY STRONG**

The value we
encounter the
most in brands

The impact of the ESG performance of the most successful companies in the ESG field (benchmark) on their reputation.

ESG's Ability to Influence Reputation (Correlation)

0.640

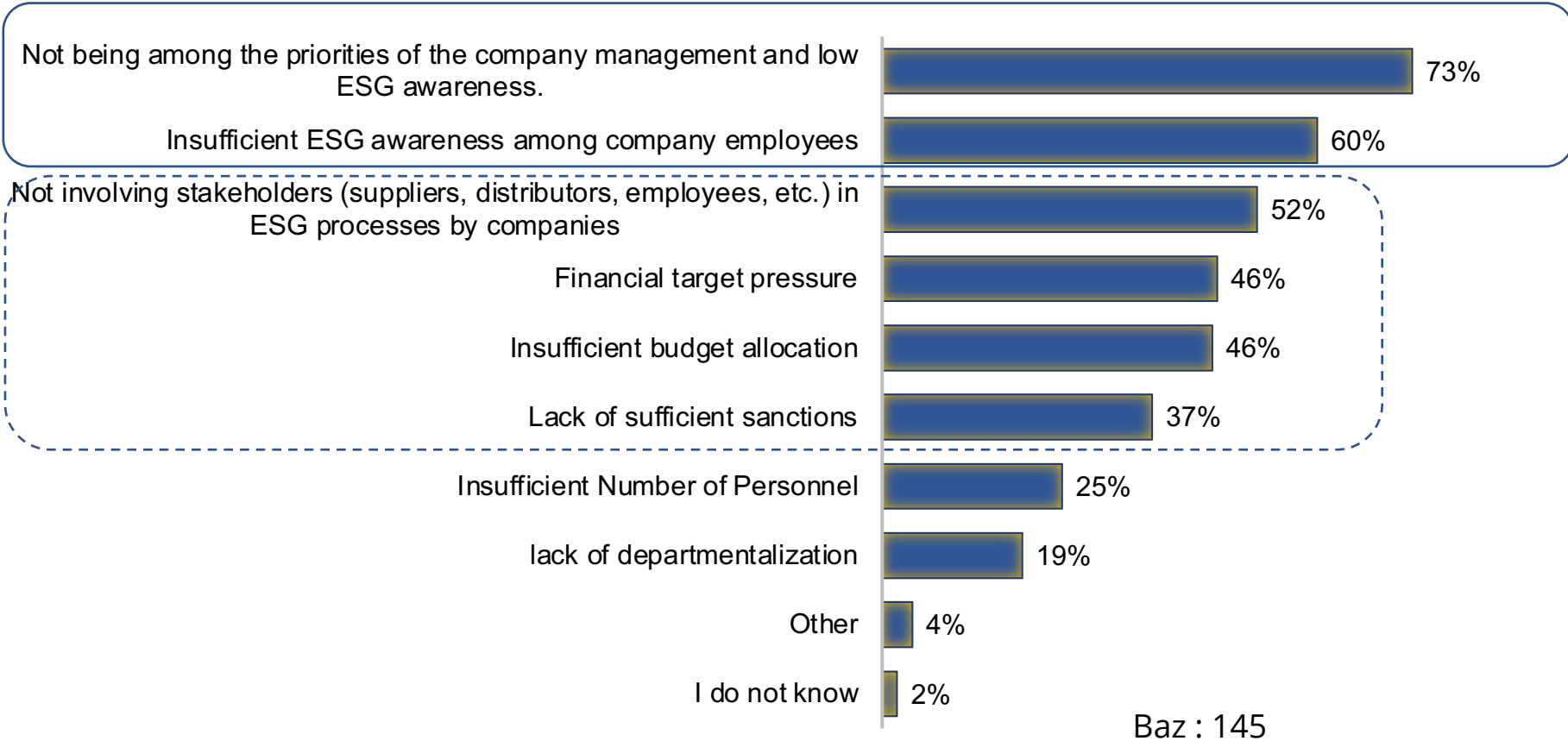
**STRONG
RELATIONSHIP**

CORRELATION VALUES;
If it is less than 0.200; **VERY WEAK**
from 0.200 to 0.400; **WEAK**
0.400-0.600; **MEDIUM**
0.600-0.800 ; **STRONG**
Over 0.800; **VERY STRONG**



**Factors that will hinder
the success of ESG in
companies.**

Issues That Will Hinder ESG's Success in Companies



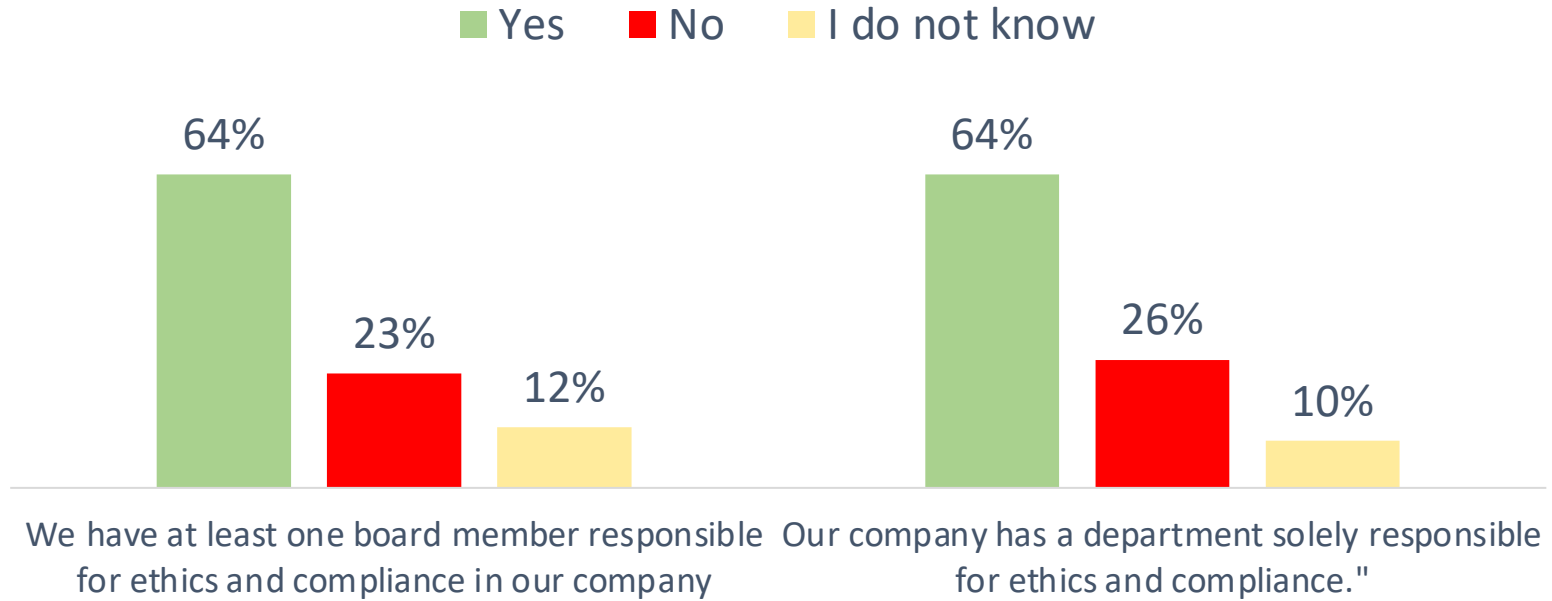
Issues That Will Hinder ESG's Success in Companies - Detailed Table

	Total	Female	Male	I don't want to answer	Ages 18-34	Ages 35 +	I don't want to answer	Top Level Manager	Middle Level Manager	First Level Manager	Specialist, Assistant Specialist etc.	I don't want to answer	Less than 5 years	5-10 years	11-15 years	16-20 years	21-25 years	More than 25 years	I don't want to answer
Not being among the priorities of the company management and low ESG awareness.	73%	76%	71%	63%	65%	75%	80%	74%	80%	75%	76%	40%	57%	67%	75%	81%	89%	67%	67%
Insufficient ESG awareness among company employees	60%	59%	63%	38%	68%	60%	40%	74%	57%	58%	56%	40%	71%	47%	61%	44%	68%	72%	33%
Not involving stakeholders (suppliers, distributors, employees, etc.) in ESG processes by companies	52%	50%	57%	25%	45%	57%	20%	69%	48%	33%	40%	53%	36%	53%	57%	59%	42%	58%	17%
Financial Target Pressure	46%	49%	44%	38%	32%	51%	40%	49%	48%	42%	52%	27%	36%	47%	43%	56%	42%	53%	17%
Insufficient Budget Allocation	46%	49%	40%	63%	58%	40%	60%	33%	50%	50%	64%	27%	57%	60%	54%	37%	53%	28%	67%
Lack of Sanctions	37%	39%	33%	50%	45%	34%	50%	38%	30%	58%	44%	33%	50%	47%	43%	37%	37%	19%	67%
Insufficient Number of Personnel	25%	24%	24%	38%	26%	25%	20%	18%	31%	17%	24%	27%	29%	13%	25%	26%	11%	33%	33%
Lack of departmentalization	19%	23%	14%	25%	29%	17%	10%	13%	19%	17%	24%	33%	36%	20%	7%	26%	16%	19%	17%
Other	4%	-	10%	-	6%	3%	10%	3%	7%	-	4%	-	7%	-	7%	-	-	6%	17%
I do not know	2%	-	3%	13%	-	2%	10%	-	-	-	-	20%	-	-	-	-	5%	3%	17%
Base	145	74	63	8	31	104	10	39	54	12	25	15	14	15	28	27	19	36	6



**"Level of
Departmentalization for
ESG - Business Ethics -
Reputation"**

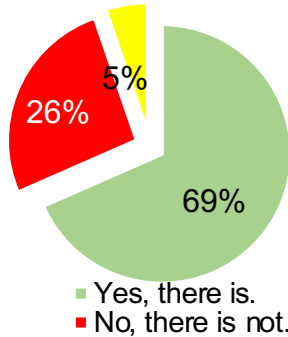
Positions Responsible for Ethics and Compliance in Companies



Base: 145

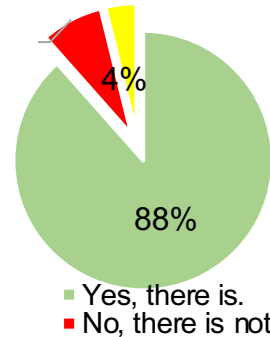
Evaluations by Those Who Claim There Is No Department Responsible for Ethics and Compliance in Companies

Is there an authorized person in your company who is responsible for ethics and compliance?



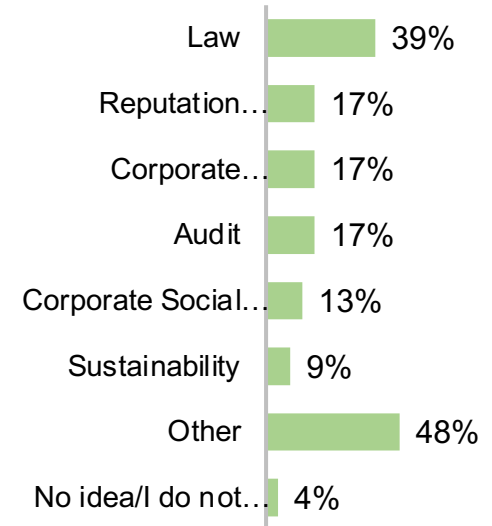
Base: 38 (Those who claim that their company does not have a department responsible for ethics and compliance)

Does the person in charge of ethics and compliance in your company have a different role outside of this issue?



Base: 26 (Those who claim that their company has an authorized person responsible for ethics and compliance)

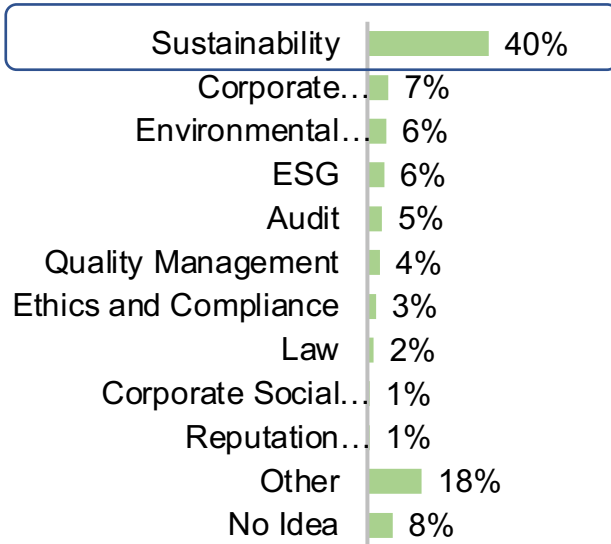
Can you specify in which department the authorized person responsible for ethics and compliance in your company works outside of this subject?



Base: 23 (Those who claim that the authorized person responsible for ethics and compliance in their company has a different duty)

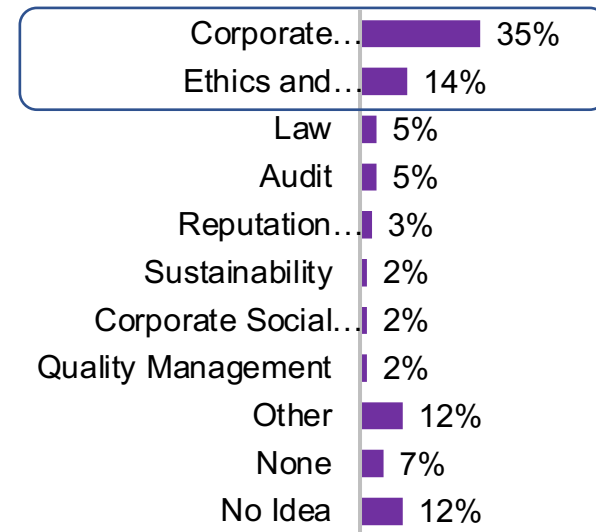
Responsible Department of ESG and Reputation Management in Companies

Which department is responsible for ESG in your company?



Base: 145


Which department is responsible for reputation management in your company?



Base: 145

Thank you.

NURAN AKSU
ZENNA Research and Consulting
January 16, 2023

 www.zennadanismanlik.com

 ZENNA_TR

 Zenna Danışmanlık

 Zenna Danışmanlık