



Corporate Governance and Credit Rating Services, Inc.

Corporate Governance Rating Report



İSTANBUL AYDIN
ÜNİVERSİTESİ

10 April 2018

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Rating and Executive Summary



ISTANBUL AYDIN UNIVERSITY



Corporate Governance Rating:

8.40
Univ.



MAIN SECTIONS: Avg. 83.96

**Relations with the
Institutor Foundation : 88.49**



Public Disclosure & Transparency: 80.58



Stakeholders: 90.49



**Board of Trustees, Board of
Directors and the Senate: 80.33**



0 10 20 30 40 50 60 70 80 90 100

EXECUTIVE SUMMARY

Istanbul Aydın University (IAU) is rated with **8.40** as a result of the Corporate Governance study done by SAHA according to the methodology of "Foundation Universities" (Univ.). Details of this study are presented in the following chapters as main sections and sub-sections. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles". The ratings on the main sections of these principles are also explained separately.

The University's corporate governance rating is determined as above in consideration with the importance given by IAU to corporate governance principles, its willingness to carry out the compliance process continuously and dynamically and studies which had been initiated in this direction.

Furthermore, SAHA publishes (annually) the World Corporate Governance Index (WCGI). IAU is analyzed as a Turkish institution and Turkey takes place at the top classification of the WCGI, which is Group 1. Details of the World Corporate Governance Index (WCGI) published by SAHA on July 21, 2017 can be accessed at <http://www.saharating.com>.

IAU is rated with **8.85** under the **Relations with the Institutor Foundation** heading. The University strives to comply with the legislation and internal regulations on exercise of the institutor foundation's rights. The University conducts its relations with the institutor foundation under the supervision of the President of the Board of Trustees through the secretary general. Foundation's right to obtain and evaluate information is provided adequately. There are no voting privileges within the Board of Trustees. However, lack of a university-specific information policy despite the existence of a public disclosure policy on academic activities is an area in need of improvement.

IAU attained **8.06** under the **Public Disclosure and Transparency** chapter. The University has a web site in English, but not in the same scope with the Turkish content. While the annual report and the Internal Evaluation Report are in compliance with the legislation, some improvements are needed in terms of corporate governance principles. The University is subject to annual supervision of Council of Higher Education (CoHE) and publishes its internal evaluation report on its web site.

On the topic of **Stakeholders**, which covers the University's best application of corporate governance applications, IAU scored **9.05**. Relations with stakeholders (students, lecturers, administrative staff and the public) are favorable. The University's social responsibility, environmental awareness and sustainability studies are also at satisfactory levels.

From the perspective of the principles regarding the **Board of Trustees, Board of Directors and the Senate**, IAU's tally is **8.03** and there is a well communicated University mission and vision. There are 3 independent and one female member within the board of trustees. The University Board of Directors and the Senate have been structured in line with the legislation. The University has established an Audit Committee within the Board of Trustees during the rating process and published its guidelines on its web site. Likewise, under the supervision of the rector, a Corporate Governance Committee composed of majority of members of the Board of Directors has been established and its working principles are disclosed on the web site.

Rating Methodology

SAHA's methodology for rating the degree of compliance with the Principles of Corporate Governance for the "Foundation Universities" (Univ.) is based upon the CMB's "Corporate Governance Principles" released on January 2014.

The CMB based these principles on the leading work of The World Bank, The Organization of Economic Cooperation and Development (OECD), and the Global Corporate Governance Forum (GCGF) which has been established in cooperation with the representatives of the preceding two organizations and private sector. Experts and representatives from the CMB, Borsa Istanbul and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose. Additionally; many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after taking into account country specific issues. Accordingly, these Principles have been established as a product of contributions from all high-level bodies.

Certain applications of the Principles are based on "comply or explain" approach and others are mandatory. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the University's governance practices in future and inclusion in the annual report and disclosure to public are positive aspects.

The university-specific Principles consist of four main sections: relations with the

institutor foundation, public disclosure and transparency, stakeholders, and the Board of Trustees/Board of Directors/Senate. However, general assemblies are not held in foundations that establish foundation universities. Furthermore, as per the law, foundation universities cannot be profit seeking institutions.

Based on these Principles, the SAHA Corporate Governance Rating methodology for Foundation Universities features around 230 sub-criteria. During the rating process, each criterion is evaluated on the basis of information provided by the University officials and disclosed publicly.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a university should be in full and perfect compliance with the Principles (see Rating Definitions, p.20).

To determine the total rating score for each main section parallel to the CMB's Corporate Governance Principles, SAHA allocates the following weights:

Relations with the Institutor Foundation: **25%**
Public Disclosure and Transparency: **25%**
Stakeholders: **15%**
Board of Trustees/Board of Directors and the Senate: **35%**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

University Overview

Istanbul Aydın University	
 İSTANBUL AYDIN ÜNİVERSİTESİ	PRESIDENT OF THE BOARD OF TRUSTEES Dr. Mustafa Aydın
Florya Campus (Halit Aydın Campus) Beşyol Mah., İnönü Cad., No:38 Sefaköy, Küçükçekmece, Istanbul www.aydin.edu.tr	RECTOR Prof. Dr. Yadigar İzmirli

Istanbul Aydın University (IAU) was established on May 18, 2007, as an initiative of Anadolu Education and Culture Foundation, according to Law Number 5656 appendix-73 that was published in the Official Gazette of the same date and numbered 26526. Istanbul Aydın University was reformed by the experience of Anadolu Bil College of Vocational Education, founded in 2003 with preexisting ties to an existing university. With the establishment of IAU, the two institutions came together under the same umbrella, granting both undergraduate (associate's and bachelor's) and graduate degrees. Both IAU and Anadolu Bil College of Vocational Education have roots in Anatolia Education and Culture Foundation (AECF).

AECF was founded in 1995 by Dr. Mustafa Aydın, together with a group of academicians and businessmen. AECF aims to raise our youth as responsible, continuously self-improving, productive, creative as well as exemplary and high skilled individuals for our country and the world in production and services sector.

With the principle of raising Turkish people especially our youth above global standards in all areas, Anatolia Education and Culture Foundation provides scholarships to students with low income and earthquake victims every year within the scope of collaborations between private sector and state enterprises at each region of Turkey.

Istanbul Aydın University has been established on 420,000 m² open area and 188,000 m² of indoor area. There are 21 Basic Medical Sciences Laboratories, Faculty of Dentistry Hospital and Oral and Dental Health Center on campus. In addition, IAU has one of Turkey's largest university-based space technology center, PROF. DR. AZİZ SANCAR TECHNOLOGY CENTER. Currently, in addition to 1,500 strong teaching staff, the University houses 39,000 students, 3,500 of which are international. The University has 11 Faculties, 2 Colleges, 3 Vocational Schools, 3 Institutes and 30 Research Centers. 63 Undergraduate Programs, 68 Associate Degree Day Programs, 57 Associate Degree Night Programs, 3 Distance Education Programs, 74 Graduate Programs, 30 Doctorate Programs and 1 Artistic Proficiency Program are offered within this scope.

Board of Trustees of the University is as follows:

Istanbul Aydın University Board of Trustees	
Dr. Mustafa Aydın	Chairman
Dr. H. Fatih Aydın	Vice-chairman
Prof. Dr. Yedigâr İzmirli	Rector/Member
Süleyman Dinç	Member
M. Vural Koç	Member
Sezai Koç	Member
Ret. Gen. N. Yılmaz Timur	Member

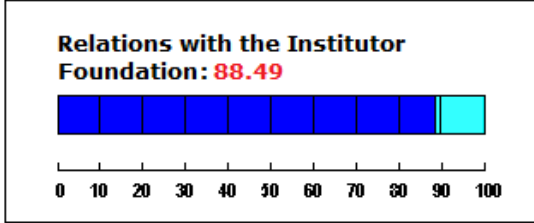
Composition of the Board of Directors:

Istanbul Aydın University Board of Directors	
Prof. Dr. Yedigâr İzmirli	Rector / Chairman
Prof. Dr. İbrahim Hakkı Aydın	Vice-chairman / Senate Elected Member
Prof. Dr. Orhan Canbolat	Deputy Dean of Faculty of Dentistry / Member
Prof. Dr. Hamide Ertepinar	Deputy Dean of Faculty of Education / Member
Prof. Dr. Şuayip Karakaş	Deputy Dean of Faculty of Science and Letters / Member
Prof. Dr. Mehmet Reşat Başar	Deputy Dean of Faculty of Fine Arts / Member
Prof. Dr. Ahmet Nizamettin Aktay	Deputy Dean of Faculty of Law / Member
Prof. Dr. Celal Nazım İrem	Dean of Faculty of Economics and Administrative Sciences / Member
Prof. Dr. Hülya Yenğın	Dean of Faculty of Communications / Member
Prof. Dr. Hasan Alpay Heperkan	Dean of Faculty of Engineering / Member
Prof. Dr. Turhan Nejat Aral	Dean of Faculty of Architecture and Design / Member
Prof. Dr. Ahmet İlvan	Deputy Dean of Faculty of Health Sciences / Member
Prof. Dr. Mehmet Yakup Tuna	Assignee of Faculty of Medicine / Member
H. Fehmi Büyükbayram	Secretary General / Rapporteur / Member
Ali Erdoğan	Student Representative

IAU's Senate Members are as follows:

Istanbul Aydın University Senate Members	
Prof. Dr. Yedigâr İzmirli	Rector / President
Prof. Dr. İbrahim Hakkı Aydın	Vice Rector / Member
Prof. Dr. Ömer Özyılmaz	Vice Rector / Member
Prof. Dr. Orhan Canbolat	Deputy Dean of Faculty of Dentistry / Representative of Faculty of Medicine / Member
Prof. Dr. Hamide Ertepinar	Deputy Dean of Faculty of Education / Member
Prof. Dr. Şuayip Karakaş	Deputy Dean of Faculty of Arts and Sciences / Member
Prof. Dr. Mehmet Reşat Başar	Deputy Dean of Faculty of Fine Arts / Member
Prof. Dr. Ahmet Nizamettin Aktay	Deputy Dean of Faculty of Law / Member
Prof. Dr. Celal Nazım İrem	Dean of Faculty of Economics and Administrative Sciences / Member
Prof. Dr. Hülya Yenğin	Dean of Faculty of Communications / Member
Prof. Dr. Hasan Alpay Heperkan	Dean of Faculty of Engineering / Member
Prof. Dr. Turhan Nejat Aral	Dean of Faculty of Architecture and Design / Member
Prof. Dr. Ahmet İlvan	Deputy Dean of Faculty of Health Sciences / Member
Prof. Dr. Özgün Enver	Assignee of Faculty of Medicine / Member
Prof. Dr. Gülümser Ünkaya	School of Applied Sciences Director / Member
Prof. Dr. Mustafa Çıkrıkçı	School of Foreign Languages Director / Member
Prof. Dr. Haydar Özpınar	Assistant Manager of Institute of Natural and Applied Sciences / Member
Prof. Dr. Özer Kanburoğlu	Institute of Social Sciences Director / Member
Assoc. Prof. Aslı Baysal	Assistant Manager of Institute of Health Sciences / Member
Prof. Dr. Ömer Adil Atasoy	School of Justice Director / Member
Asst. Prof. Dr. Anıl Özgüç	Assistant Manager of Institute of Health Sciences / Member
Prof. Dr. Erman Bülent Tuncer	Faculty of Dentistry / Representative Member
Prof. Dr. Nurbay Gültekin	Faculty of Education / Representative Member
Prof. Dr. Kazım Yetiş	Faculty of Science and Letters / Representative Member
Prof. Dr. Kamil Bostan	Faculty of Fine Arts / Representative Member
Prof. Dr. Fevzi Rifat Ortaç	Faculty of Law / Representative Member
Prof. Dr. Güneri Akalın	Faculty of Economics and Administrative Sciences / Representative Member
Prof. Dr. Emine Özden Cankaya	Faculty of Communications / Representative Member
Prof. Dr. Halil İbrahim Şanlı	Faculty of Architecture and Design / Representative Member
Prof. Dr. Hasan Saygın	Faculty of Engineering / Representative Member
Prof. Dr. Uğur Tekin	Faculty of Medicine / Representative Member
H. Fehmi Büyükbayram	Secretary General / Rapporteur / Member
Ali Erdoğan	Student Representative

Relations with the Institutor Foundation



SYNOPSIS

+	The unit responsible for relations with the institutor foundation is the general secretariat.
+	Selection of Board of Trustees is in compliance with the legislation.
+	No voting privileges within the Board of Trustees.
=	Lack of a university-specific information policy despite the existence of a public disclosure policy on academic activities.

Anatolia Education and Culture Foundation (AECF) was founded in 1995 by Dr. Mustafa Aydın, together with a group of academicians and businessmen. AECF is a foundation aiming to raise our youth as responsible, continuously self-improving, productive, creative as well as exemplary and high skilled individuals for our country and the world in production and services sector.

In line with this objective, it became the founding foundation of Istanbul Aydın University with the establishment regulation published in Official Gazette dated June 4, 2010 and numbered 27601. Accordingly, the Foundation cannot earn any income and obtain/acquire a right. All kinds of income of the University will remain in the University and cannot be

transferred to foundation assets or accounts at any time even temporarily or indirectly. Real assets that the University will acquire in donations and other ways are registered in the name of the legal entity of the University.

1.1. Facilitating the Exercise of the Institutor Foundation's Statutory Rights:

There is a unit in the University responsible for relations with the institutor foundation. In addition, one of the members of the Board of Trustees has been assigned to this process and works on behalf of the foundation itself. This unit is under the supervision of the Chairman of the Board of Trustees and attached to Mr. Sezai Koç, who is a member of the Board of Trustees. Secretary General of the University is Mr. H. Fehmi Büyükbayram.

Duties of the Unit are as follows;

- Ensuring that the records on institutor foundation are kept in a healthy and updated manner.
- Responding to the queries of the institutor foundation requesting written information on the University.
- Reporting to the Board of Trustees on the activities conducted.

Following meetings with University officials during the rating process, it has been concluded that they are open to making the necessary improvements to the adoption and

implementation of the Corporate Governance Principles.

1.2. Right to Obtain and Evaluate Information:

There is no evidence of the University administration's any hindering process or application regarding the appointment of an auditor.

Any information that may affect the use of the rights is up-to-date and open to the foundation directors for the purpose of expanding the right of the institutor foundation to receive information.

The University has not yet constituted a disclosure policy for all stakeholders, but there is a public disclosure policy on academic activities and it has publicized this policy through its web site.

There is no legal dispute on the grounds that the institutor foundation's request for information and review are left unanswered and unfairly rejected.

1.3. Selection of Board of Trustees:

Selection of members of the Board of Trustees of the universities is realized in accordance with the Regulation on Higher Education Foundation Institutions and approved by the CoHE. Members of the IAU Board of Trustees are also elected in accordance with this legislation. Members conveyed their CVs to the foundation prior to the selection process, providing the necessary information about themselves.

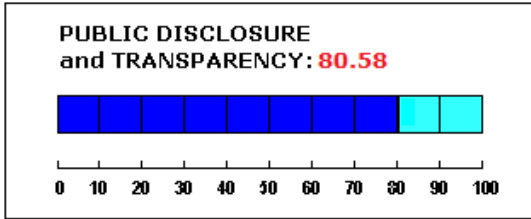
1.4. Voting Rights:

We have come to the conclusion that all voters are given the opportunity to exercise their voting rights conveniently and appropriately. There are no voting privileges.

1.5. Transfer of Foundation Shares:

There are no provisions that impede free transfer of shares and no such restrictions are included in the foundation establishment directive. It has been declared to be in compliance with laws and regulations in this respect.

Public Disclosure and Transparency



SYNOPSIS

+	Annual Report and the Internal Evaluation Report are disclosed to the public.
+	University establishment regulations are available on the web site.
+	Corporate Governance Compliance Report is included in the annual report
=	English version of the web site exists, but not with the same content of the Turkish version.
-	No publicly disclosed donation policy.

2.1. Corporate Web Site:

University's web site (www.aydin.edu.tr) is actively used for disclosure purposes. The web site is both in English and Turkish and is easily accessible. Publicly disclosed can be accessed on this web site.

The corporate web site includes; University registry information, latest management structure, information on the foundation, final version of the University establishment regulation, annual reports and internal evaluation reports, organizational chart and ethical rules of the University.

In addition, frequently asked questions, and responses thereof, news/announcements, vision/mission established by the University, human

resources policy, information on university management and working principles of the newly established audit and corporate governance committees are included on the web site.

On the other hand, board and senate decisions that concern public and students, the donation policy, web site privacy/security policy and the sustainability reports are not included on the web site.

2.2. Annual Report:

There is an annual report and an internal evaluation report prepared by the University and they cover information such as;

- Period covered by the report, registration information of the University, contact information.
- Names and surnames of the chairmen and members serving on the Board of Directors and the Senate within the reporting period.
- Qualifications of the University's units, their national and international ranking.
- Academic activities; faculty reports, articles, projects and events.
- Research and application centers and their activities.
- International activities.
- Physical resources; campuses, total capacity of classrooms, number of laboratories and

workshops, sports facilities,
conference rooms, etc.

- h) Scholarship rate, success rate.
- i) Number of personnel.

However,

- a) all benefits provided to the Board of Directors / Senate members and senior management, and
- b) information on external duties of the Senate/Board of Directors members and managers are not included in the annual report.

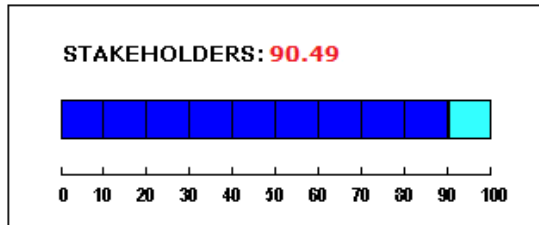
On the other hand,

- a) Since audit and corporate governance committees are newly established, their meeting frequency, working principles including the activities carried out and their effectiveness,
- b) number of board meetings during the year and status of participation of the members to these meetings could not be included.

2.3. CoHE (Council of Higher Education) Audit:

IAU is audited by the CoHE every November. University authorities have declared that they have not been exposed to any fine/sanction by the CoHE so far. By its own initiative, IAU is also audited within the framework of the IEP-Institutional Evaluation Program.

Stakeholders



SYNOPSIS	
+	Measures to safeguard stakeholders' rights are facilitated.
+	Environmental awareness and sustainability studies are satisfactory.
+	A separate presidency is established to raise the quality standards.
+	A written set of code of ethics is available and publicly disclosed.
=	A written compensation policy for employees has not been established, but all employees are civil servants.
-	There is no written succession planning for a possible management reshuffle.

The stakeholders of the universities are different from the stakeholders of the companies and similar institutions. Universities in nature are accountable to public. By definition they also have responsibilities towards public institutions and organizations (such as CoHE). Besides, students, faculty members/academic staff and other employees are included in the definition of stakeholders of the universities. Our analysis in this section is realized taking into consideration the abovementioned stakeholders.

3.1. University Policy Regarding Stakeholders:

We have not come across a significant or repetitive situation in which the rights of stakeholders are not recognized.

The web site of the University (www.aydin.edu.tr) is actively used to provide adequate information on policies and procedures towards the protection of stakeholders' rights.

A written compensation policy for employees has not been established, but as required by the law, all employees are civil servants.

The University carries out procurement processes by taking into consideration its Procurement and Tender Regulations, which are disclosed to the public via the web site. This Regulation has been published in the Official Gazette dated January 19, 2011, numbered 27820.

3.2. Stakeholders' Participation in the University Management:

The University's human resources policy allows employees to submit proposals to management and/or to submit a request for participation, despite the lack of a provision in the internal legislation for the participation of stakeholders in University management.

To this end, IAU has developed models for stakeholders, particularly academic staff, students' associations and employees to participate in management without impeding the operations of the University.

There are academic selection processes for staff with academic titles. Students can communicate their views, requests and suggestions to the University administration through the student representatives and the employees through the web based "Listening to You" application.

3.3. University Policy on Human Resources:

The University has a publicly disclosed human resources policy. The basic principles of this policy are:

- a) To bring in the qualified manpower in line with the values and strategic goals of the University, to become the most preferred University to work in national and international fields by ensuring their loyalty.
- b) It is essential that the University raise the manpower which is innovative, experienced, with the quality required by the information society, and embrace dynamics based on knowledge. Accordingly, sharing of institutional cultures reflecting multi-dimensional perspective by all employees is supported.
- c) To ground on employment of human resources by attaching importance to the recruitment of individuals to administrative board who are inquisitive, ethical, critical, institutional, in addition to be training and research gifted.
- d) To create an effective and productive organization by providing employee satisfaction with proactive human resources practices by helping the motivations of employees to create working teams with the spirit of teamwork and realizing strategic goals with a broad perspective and management understanding

formed in line with the objectives of the University.

- e) To reflect the multidimensional perspective of the University to its employees on all human resources practices with a distant, equal and humane approach to all kinds of discrimination such as religion, language, race, sex.
- f) To adhere to the principle of being a student in the IAU community with regard to service and work quality, employee satisfaction and institutional loyalty through the use of the University's education and training to support personal development.

Within this scope; recruitment and career planning policies are based on the principle of equal opportunity for people on equal terms.

The criteria for recruitment have been determined in writing and it has been concluded that these criteria are adhered to.

However, in cases which management reshuffle could cause disruptions, a documented succession planning for determination of new managers is not established.

There is no labor union at the University.

3.4. Relations with Students and Suppliers:

IAU has taken necessary precautions to attain student satisfaction.

For this purpose, Satisfaction Questionnaire and Self-Evaluation Questionnaire based on Strategic Management Information System are available for the students in electronic environment via the UBIS system.

IAU's accreditations are listed below:

Faculty of Dentistry
Department of Dentistry:

Accredited by the Joint Commission International (JCI) until 2019.

Faculty of Arts and Sciences
Department of Turkish Language and Literature:

Accredited by FEDEK until 2021.

Faculty of Arts and Sciences
Psychology Department:

Accredited by FEDEK and the Association of Turkish Psychologists (ATP) until 2021.

Faculty of Arts and Sciences
English Language and Literature Department:

Accredited by FEDEK until 2021.

Faculty of Engineering
Computer Engineering (in English) Department:

Accredited by MUDEK until 2019. Holds EUR-ACE label.

Faculty of Engineering
Electrical and Electronics Engineering (in English) Department:

Accredited by MUDEK until 2019. Holds EUR-ACE label.

Faculty of Engineering
Department of Industrial Engineering (in English)

Accredited by MUDEK until 2021. Holds EUR-ACE label.

Faculty of Engineering
Food Engineering (in English) Department:

Accredited by MUDEK until 2021. Holds EUR-ACE label.

Faculty of Engineering

Civil Engineering (in English) Department:

Accredited by MUDEK until 2019. Holds EUR-ACE label.

Faculty of Engineering
Software Engineering (in English) Department:

Accredited by MUDEK until 2019. Holds EUR-ACE label.

Faculty of Engineering
Mechanical Engineering Department:

Accredited by MUDEK until 2019. Holds EUR-ACE label.

Faculty of Engineering
Textile Engineering Department:

Accredited by MUDEK until 2019. Holds EUR-ACE label.

In order to provide student satisfaction, IAU follows the effect of the major global events that have taken place on the education system and new trends in this respect.

The University has established a request/complaint mechanism for students to communicate their claims and grievances. The students can communicate their suggestions, requests and complaints through the student representatives.

IAU has a publicly disclosed procurement regulation and is acting within the framework of this regulation. In addition, information and documents of students and suppliers are stored electronically and importance is placed on information security.

3.5. Ethical Rules & Social Responsibility:

The University has a set of ethical rules which are publicly disclosed.

Some elements of ethics guidelines are as follows:

- The position and prestige of the University within the society are protected at each external activity.
- When non-university activities are conducted by the institution or an individual, the education of the students, the research and education activities of the other instructors and the academic units will not be adversely affected.
- In cases where informational confidentiality is required for external affairs, the parties adhere to this principle.
- Transparency is pursued on non-confidential database and research methods.
- Community health care and public welfare is taken care by both academic staff working in the project, and the University on extracurricular activities. Other activities of the external institution cooperated, as well as the contents of the studies carried out cannot be contrary to the principles of the University.
- Istanbul Aydın University's intellectual property rights are protected in studies carried out jointly with individuals and/or institutions outside the University.
- Acquired financial contributions, acceptance process and conditions are clear and transparent.
- IAU members do not compromise on the principles of scientific objectivity and neutrality when they work with institutions outside the University and do not accept interventions or referrals that may be made by the cooperating

institution or persons on the results of the work conducted.

The University acts in compliance with the Environment Law and related legal acts, plus relevant issues are pursued through seminars, symposiums and activities, and academic contribution is provided to the formation of national and international consciousness.

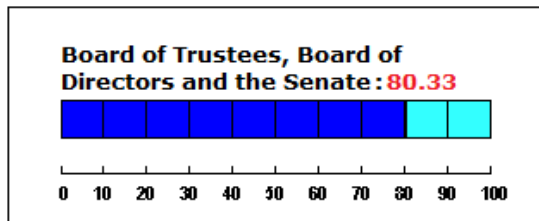
3.6. Sustainability:

IAU is the holder of ISO 27001 Information Security Management System certification and quality certificate issued by the Joint Commission International (JCI).

The university has been accredited by the Bologna process, ECTS label, diploma supplement label and many national and international systems. It was subjected to institutional external evaluation by the Quality Council of Higher Education in 2017 and received a successful Feedback Report.

The University has established Strategy Development, Quality Improvement, Accreditations and Data Analysis units to achieve a decent position and has been following-up quality improvement, accreditation and continuous improvement processes.

Board of Trustees, Board of Directors, and the Senate



The Board of Trustees has determined the mission of IAU and disclosed it to the public as;

“To be an institution that serves the community via education which puts forward the basic and applied interdisciplinary research and occupational competences and has a sound infrastructure keeping up to date, technologically enhancing the process of conversion of knowledge to production,

To maintain a campus to have graduates not only competent in their fields of profession but able actors in the global competition and aware of the professional environment with co-existing cultural differences,

To create national and international cooperation with Academic Environments, Businesses and NGOs,

To promote individuals and the society into lifelong learning,

To become a center of attraction in national and international arenas for students and academicians.”

IAU’s vision is “to become a higher education institution in which sustainable innovation prevails and individuals who will be beneficial to humanity are educated by gaining vocational competence in education programs keeping up with the changes.”

In addition, the Board of Trustees has defined the University's strategic goals and identified the needs in human and

SYNOPSIS	
+	University's strategic goals and needed financial resources are identified.
+	3 independent members on Board of Trustees
+	1 female member on Board of Trustees
+	The Board and the Senate meet frequently enough
=	An Audit Committee has been established within the Board of Trustees. A Corporate Governance Committee composed of members of the Board of Directors and affiliated to the rector has been established. The activities of these newly established committees will be followed.
-	Members of the Audit Committee are not elected among independent members.

4.1. Functions of the Board of Trustees:

We are convinced that strategic decisions of the Board of Trustees aim to manage the University's risk, growth, and return balance at an appropriate level and conduct a rational and cautious risk management approach with a view to the long-term interests of the University. The Board administers and represents the University within these parameters.

financial resources, and controls management's performance.

4.2. Principles of Activity of the Board of Directors and the Senate:

It has been concluded that the Board of Directors and the Senate perform their activities in a transparent, accountable, fair and responsible manner.

Distribution of tasks between the members of the Board of Directors and the Senate is explained in the annual report.

The Board of Directors works through establishment of internal control systems which are inclusive of risk management, information systems, and processes. University officials have declared that the Board reviews the effectiveness of risk management and internal control systems at least once a year.

The Board of Directors', Senate's and the Rector's executive powers are clearly separated and this separation is documented in writing in the establishment regulations.

4.3. Structure of the Board of Trustees:

Board of Trustees of IAU is composed of 7 members. Majority of the members are non-executive. Only 1 member (the Rector) holds executive powers.

Because IAU is a university, there is no obligation to appoint an independent board member. However, as a result of our evaluation, we found that there are 3 independent members in the Board of Trustees.

With 1 female member in the Board of Trustees, IAU has partially adapted the Corporate Governance Principles'

advisory target of minimum 25% female board membership rate.

The vast majority of the members of the Board of Trustees are university graduates and the membership structure are diversified.

4.4. Conduct of the Meetings of the Board of Directors and the Senate:

Board of Directors and the Senate meetings take place with sufficient frequency. In the 2017 operating period, the Board held 32 meetings and the Senate convened 12 times.

It has been declared by the University authorities that the rate of participation in the Board of Directors and Senate meetings is high.

It has also been declared that the chairmen of the Board of Directors and the Senate set the agenda items and inform respective members prior to the meeting. Information on the agenda items of the Board of Directors and the Senate is made available to the members in sufficient time prior to the meeting date.

It has been declared by the University administration that there is a written internal regulation describing the conduct of the Board of Directors and Senate meetings. This regulation is implemented and monitored by the Personnel Office. Accordingly, the Board of Directors and the Senate can meet with the majority of the members and take decisions with the majority of the members present at the meeting. Each member of the Board of Directors and Senate is entitled to a single vote.

4.5. Committees Established Within the Board of Trustees, Board of Directors, and the Senate:

An Audit Committee is established within the Board of Trustees. In addition, a Corporate Governance Committee is established, composed of the majority of the members of the Board of Directors and serving under the Rectorate.

Functions of the Committees and their working principles are defined and disclosed to public on the web site.

Both the Audit and Corporate Governance Committees consist of at least 2 members each according to these working principles. Members of the Audit Committee are elected from among the Board of Trustees, while members of the Corporate Governance Committee are elected from among the Board of Directors.

In line with the CMB principles, working principles of the committees indicate that all necessary resources and support needed to fulfill the tasks of the Committees are provided by the Board of Trustees, and the Board of Directors and Committees can invite any manager as they deem necessary to their meetings and obtain their views.

It is witnessed that the Corporate Governance Committee is established in order to determine whether or not the corporate governance principles are being fully implemented by the University, if implementation of some of the principles are not possible, the reason thereof, and assess any conflict of interests arising as a result of lack of implementation of these principles, present remedial advices to the Rectorate and maintain the relationship with the institutor foundation.

The duties of the Nomination Committee are defined in the Corporate Governance Committee's working principles in accordance with the Communiqué. Likewise, the role of the Risk Committee is defined within the duties of the Corporate Governance Committee as "providing information to the Rectorate in operational and administrative matters related to risk identification and risk management and ensuring the transfer of the aforementioned issues to the relevant Units in the University".

The functionality of the newly established committee will be monitored by us in the upcoming period.

4.6. Remuneration of the Board of Trustees, Board of Directors/Senate and Managers with Administrative Responsibility:

The annual report includes a general evaluation of the Chairman of the Board of Trustees and the Rector on whether the University has achieved its performance targets or not.

It has been declared by the University administration that there is no written policy that regulates the remuneration principles of academic staff and senior executives, but academic and administrative staff are paid according to the contract of employment signed.

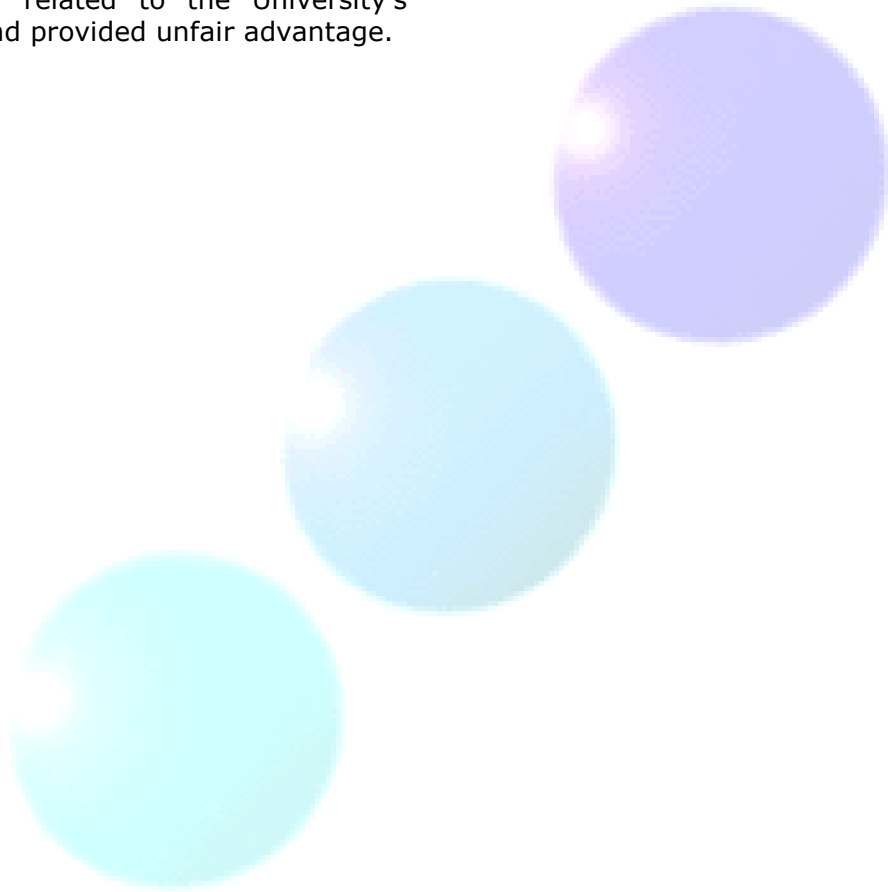
There is no professional liability insurance on losses incurred by the University, and third parties, as a result of not performing the Board of Trustees Board of Directors/Senate members' and managers with administrative responsibility duties duly.

Orientation process for newly appointed managers is determined in the internal regulations of the University.

It has been concluded that academic staff and administrative officers have sufficient professional qualifications to perform their duties.

There have been no cases where the administrators used confidential and non-public University information in favor of themselves or others.

There are no administrators who accepted a gift or favor directly or indirectly related to the University's affairs and provided unfair advantage.



Rating Definitions

Rating	Definition
9 - 10	The university performs very good in terms of Corporate Governance Principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The university's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated.
7 - 8	The university performs good in terms of Corporate Governance Principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated.
6	The university performs fair in terms of Corporate Governance Principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The university performs weakly as a result of poor corporate governance policies and practices. The university has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The university performs very weakly and its corporate governance policies and practices are overall very poor. The university shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.

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