



# SERKA TAAHHÜT İNŞAAT A.Ş. UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS





## JOINT LETTER FROM CHAIRMAN AND CO-CHAIRMAN OF THE BOARD OF DIRECTORS

We are proud to declare that we continue to support United Nations Global Compact, which focuses on Human Rights, Labor, Environment and Anti-Corruption issues. We hereby publish our third Communication on Progress report where we represent how we apply the Compact principles to our business strategy and our business activities during the report period. Our Communication on Progress will be published in the United Nations Global Compact web site.

(<http://www.unglobalcompact.org/participant/11084-Serka-Taahhut-Insaat-A-S->)



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## ABOUT THE REPORT

This Communication on Progress was prepared as a requirement of the United Nations Global Compact, in view of its “10 Principles”.

The report delineates the steps taken by **Serka Taahhüt** to mitigate the potential adverse economic, environmental, and social impacts of its activities and the services it provides.

The report includes the activities monitored and developed in the framework of sustainability, which are **Serka Taahhüt**'s activities of priority. The reports to be prepared in the future will also encompass the issues of sustainability, that **Serka Taahhüt** considers to be a top priority.

Serka İnşaat ve Ticaret A.S., one of Adalı Holding companies, became part of the United Nations Global Compact on 01.02.2010 and published its first Communication on Progress on 14.01.2011. On 29.07.2011, a partial split-off agreement was signed between Serka İnşaat ve Ticaret A.Ş. And Serka Taahhüt İnşaat A.Ş., transferring certain activities of Serka İnşaat to **Serka Taahhüt**.

The Communication on Progress was based on the financial reports and other company records of **Serka Taahhüt** and encompasses the company's activities during the years 2012 and 2013.

“Companies that take their responsibilities to people and the planet seriously will increasingly be in the vanguard.”

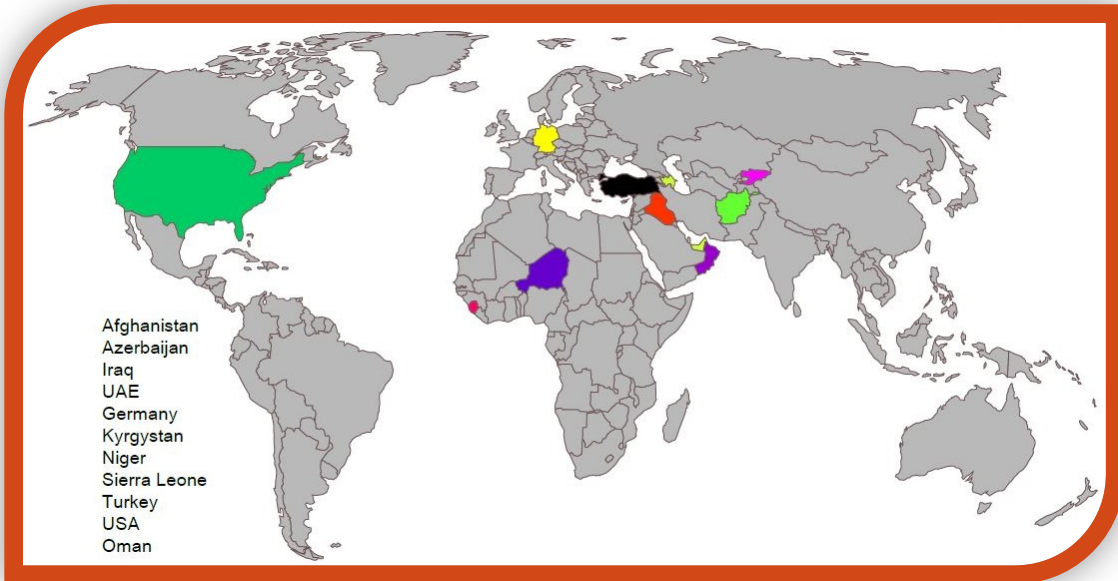
UN Secretary-General Ban Ki Moon (“Architects of a Better World” UN Global Compact Leaders Summit Opening Remarks, 20<sup>th</sup> September, 2013)

## COMPANY PROFILE

**Serka Taahhüt** was founded in 2003 as a construction/contractor company. The main activities of the company include to make construction commitments, to build or temporarily undertake processes for any kind of small and large constructions, any kind of facility works, any kind of school, hospital, air fields, ports, irrigation channels, bridge, road, industrial structure and construction works of a factory by various ways like sealed tender, reduction, taking a proposal and bargaining which are held by official and private institutions in the boundaries of Turkey and foreign countries.

**Serka's** headquarters is located in Istanbul with 2 branch offices supporting the head office. The company has one branch located in Adana, and the other is located in Ankara.

The countries where **Serka Taahhüt** operates are shown in the map below.



## Fields of Activity of Serka Taahhüt and Group Companies



**Serka** is specialized in medium to large size Turnkey Construction / Renovation Projects, Heavy Excavation and Concrete Works - as well as a full range of Life Support Services:

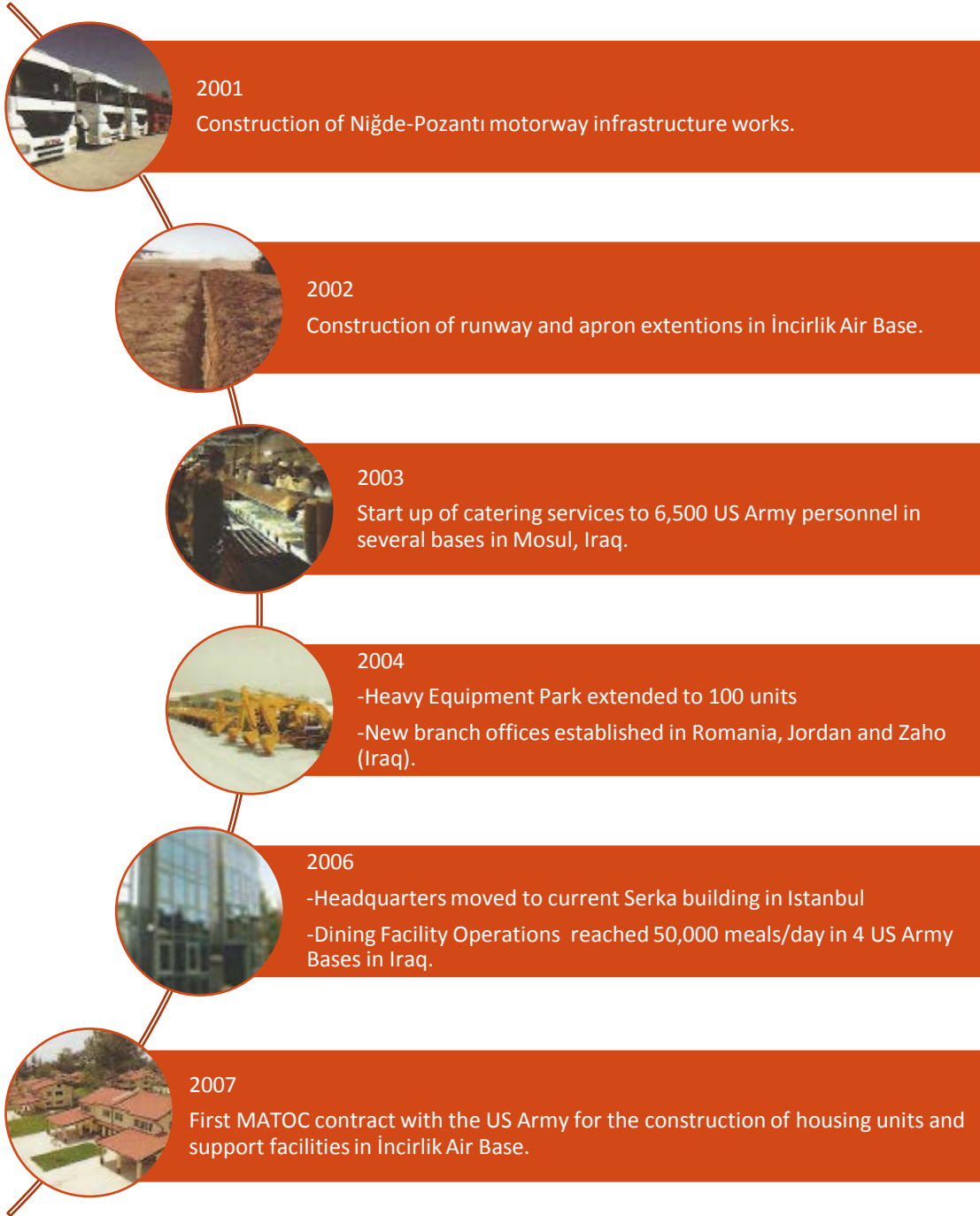
- Operation and Maintenance (O&M) Services
  - Facilities Maintenance & Repair Services (FM&R)
  - Heavy Equipment Leasing & Operations
  - Catering Services
  - Shuttle Bus Services
  - Skilled and Unskilled Labor Pools
  - Medical Services
  - Solid Waste and Grey Water Collection / Disposal
  - Dumpster and Chemical Toilet Leasing
  - Transportation / Logistics / Bulk Material Supply
  - Stevedoring and Related Terminal Services (S&RTS)
  - Building Construction / Renovation / Refurbishment – Site Prep /
  - Heavy Excavation
  - Infrastructure Construction – Treatment Plants, Water and Sewage Network Systems
  - Roadways (Concrete / Asphalt)
  - Foundations (Aircraft Aprons, Landing Pads, Generator Pads)
  - Force Protection Products (T-Wall Barriers, Overhead Protection Systems, Bunkers)

## ADALI HOLDING TIMELINE











## FINANCIAL PERFORMANCE

The total assets of **Serka Taahhüt** exceeded 193 million \$ as of end 2012.

The holding's energy investments focus mainly on renewable energy, including wind and hydro-electric and geo-thermal power plants. Another area of investment of priority besides renewable energy is the construction of international hotel chains and city hotels.

We as **Serka Taahhüt** recognize the importance of creating a balanced portfolio to reach our goals in serving our key customers.

	2011	2012
Total Assets	162,044,236 \$	193,610,586
Net Profit for the Period	9,671,637 \$	37,813,053
End-of-Period Cash Balance	3,324,853 \$	5,421,624
Gross Revenue	202,463,249 \$	217,077,746



## MANAGEMENT SYSTEMS

### Quality Management

**Serka** has an effective quality approach to ensure that construction work meets the high standards by **Serka's** Quality Management System. The ISO9001 certified Management System's effectiveness is justified by regular audits and continuous improvement techniques to incorporate lessons learned and client feedback. Company's catering services are certified according to ISO22000 Food Safety Management System Standard.

**Serka** team has the experience to understand and mitigate potential quality risks, such as design deficiencies and sub-standard materials and equipment. Our first objective when developing our execution plan is to provide a quality product the first time to avoid re-work and costly schedule delays. To prevent quality issues attributed to inexperience, our staff has the experience and a proven track record of providing quality products on similar projects. We support our personnel with our proven systems and processes, which allow the client to focus resources elsewhere.

On-site Construction Quality Control Manager develops a project-specific Contractor's Quality Control Plan with all stakeholders. The plan provides an overview of all construction procedures, including quality control of design, procurement, material testing, material stockpiles, batching operations, and site surface grades and smoothness along with vertical construction components associated with the project.



### Occupational Health and Safety

**Serka** recognizes its moral and legal responsibility to provide and maintain a safe and healthy work environment for its workers, its Subcontractors' workers, clients and visitors. This commitment includes ensuring that our operations do not place the local community at risk of injury, illness or property damage.

Injury and illness losses from accidents often are needless, costly and preventable. **Serka's** accident prevention policy ensures that all of our employees have a firm understanding of our company's position regarding the protection of all persons, public, and property during all phases of the construction. In implementation of the accident prevention policy, **Serka** accepts full responsibility for the establishment and implementation of an effective construction safety and occupational health program at the project site.

**Serka** has an intense safety program which encompasses all of the site requirements and additional elements that facilitates the care and well-being of the workforce, inclusive of a thorough and effective safety training program. The objective of the **Serka** Safety Program is to provide for a safe working environment on and off the construction site, strong safety awareness by all of our workers and our Subcontractors' workers, and the safe use of tools, machinery and equipment.

Elements of the safety program are:

- Accident Prevention Plan
- Safety and Health Committee Meetings
- Tool box Safety Meetings (Safety Briefing)
- Activity Hazard Analysis
- Employee Safety Induction



Serka Taahhüt Safety Management System is certified to OHSAS18001.



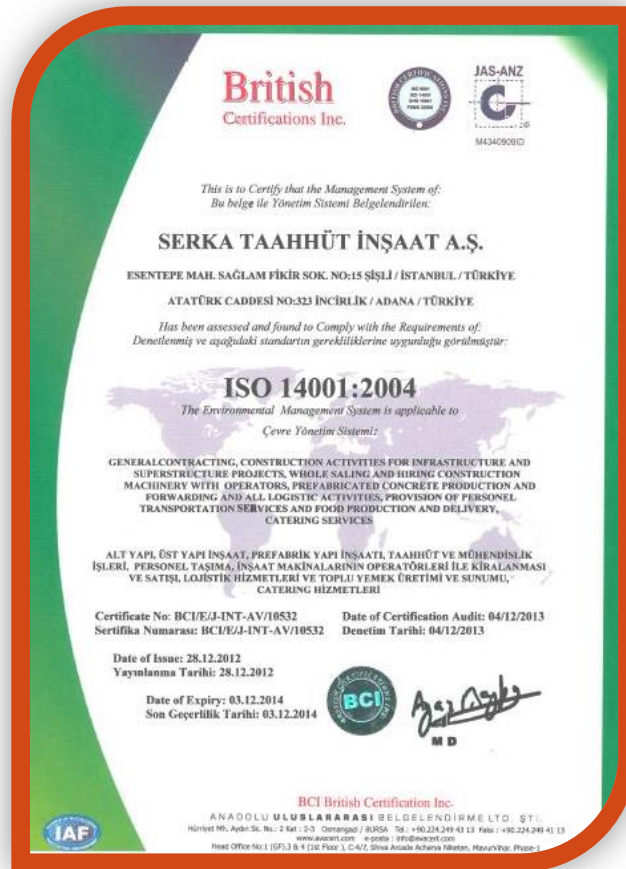
### Total Man Hours Without a Lost Time Accident in Serka Taahhüt's Current Projects

Projects	Total Man Hours Without a Lost Time Accident
Drainage System, Phase 3, Bagram, Afghanistan	382,624
Eastside Utilities Infrastructure, Bagram, Afghanistan	558,935
Runway Repair, Bagram, Afghanistan	229,133

## Environment

**Serka** is committed to environmental excellence. Each of our projects, whether it's the construction of a new office building, a new road, an aircraft hangar or the operation of our DFAC facilities, has the potential to affect people, animals, plants, and the land. Our goal always is to protect the environment during a project, and to build in safeguards that will keep protecting it long after the project is complete. **Serka** Environmental Management System is certified to ISO 14001.

In scope of Turnkey Waste Management Services **Serka Taahhüt** provides, delivery and placement of dumpsters, daily gathering of waste materials and transporting them to the designated waste disposal points, chemical toilet and waste collection services are included.





## OUR PERSONNEL

The general principles pertaining to the rights, duties and working conditions of all the employees working in Adalı Holding companies are established through a “Personnel Code”.

### Adalı Holding Personnel Policy

- We select our employees diligently in order to make sure positions are filled with people who possess the qualities required for the job.
- We protect our employee’s rights.
- We provide our employees with training and development opportunities suited to their skills and qualifications.
- We provide our employees with safe and comfortable work conditions suited to the job.
- We maintain an effective communication structure to make sure our employees are given timely information about issues concerning them and are able to relate their ideas and opinions easily to upper management.
- We provide training programs to allow employees to adapt to changing working conditions and to prepare them to take up higher positions.
- We encourage and reward successful employees and determine pay rates based chiefly on success and performance measures.
- We determine pay rates based on job evaluations in line with the current system.
- We prioritize promotion from within and prefer filling managerial positions by appointing current employees.

**Serka Taahhüt** Crew has vast work experience in the Middle East and Africa. Their skills in understanding and serving people of different nationalities and cultures is of vital importance for the smooth conduct of overseas projects.

We focus on providing opportunities for the local community by hiring locally. We also consider the economic, social, and environmental variables in the project area and related countries.

We train our employees on a regular basis and manage them effectively to create a clean, safe, and healthy work environment.

We, as **Serka Taahhüt**, have policies in place to ensure that each of our employees at every level are supported and that our activities are conducted in accordance with the Universal Declaration of Human Rights.

We are an equal opportunity employer and we adhere strictly to our principle of selecting, hiring and promoting individuals solely on the basis of their fitness for the job. We believe strongly that these fair practices not only allow us as an employer to attract and recruit the right people for our current jobs, but also create an environment that nurtures quality of service and profitability.

We foster mutual communication during the processes of developing and reviewing our strategies and policies in order to ensure that all aspects affecting our employees are given due consideration. We have various channels in place to support this communication.

Recruitment and Severance processes in **Serka Taahhüt** are run according to procedures prepared by our Human Resources department.

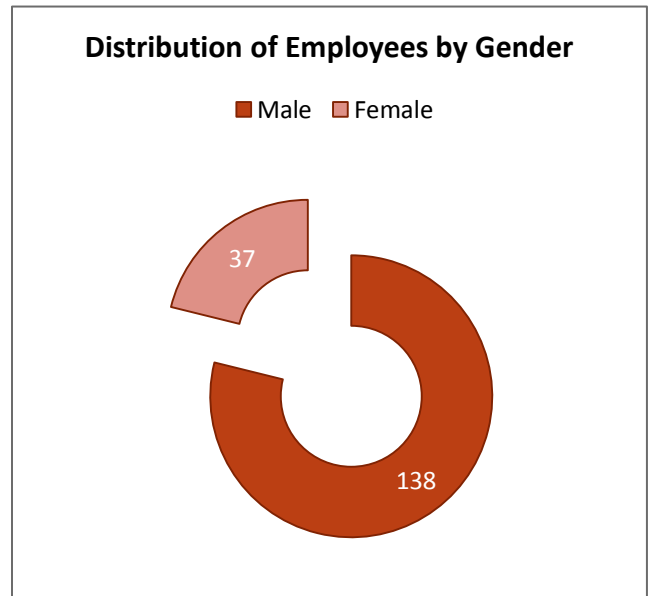
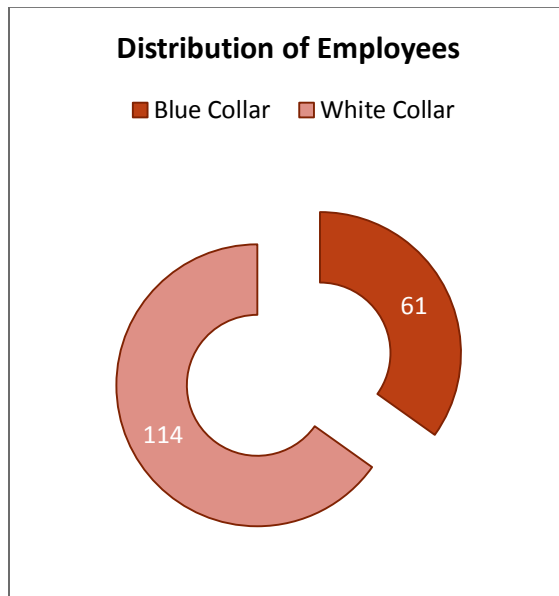
### Serka Training and Development Programs

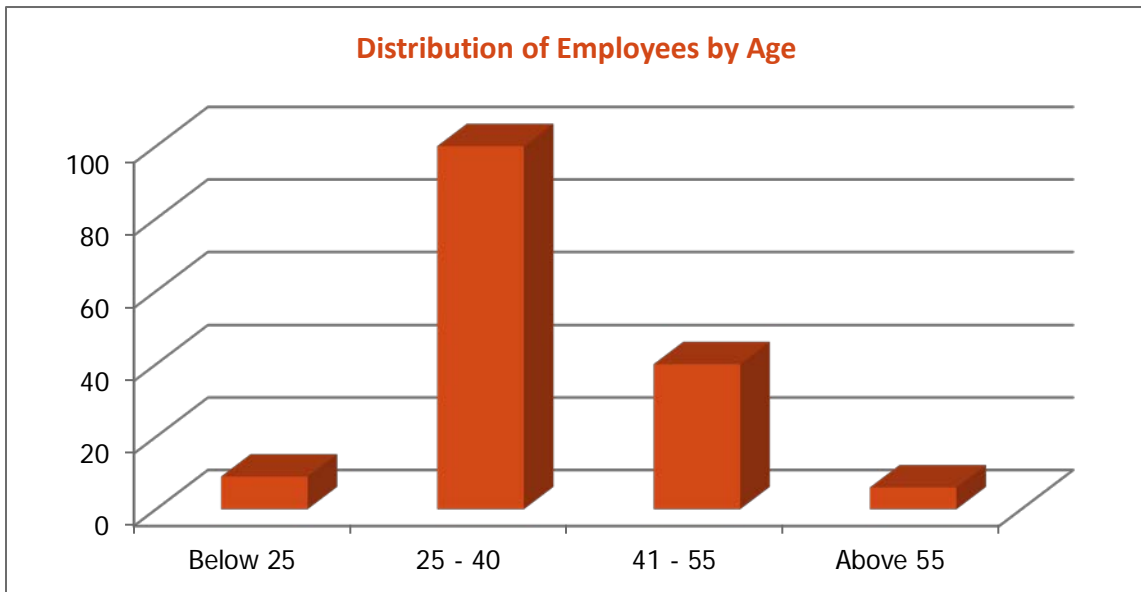
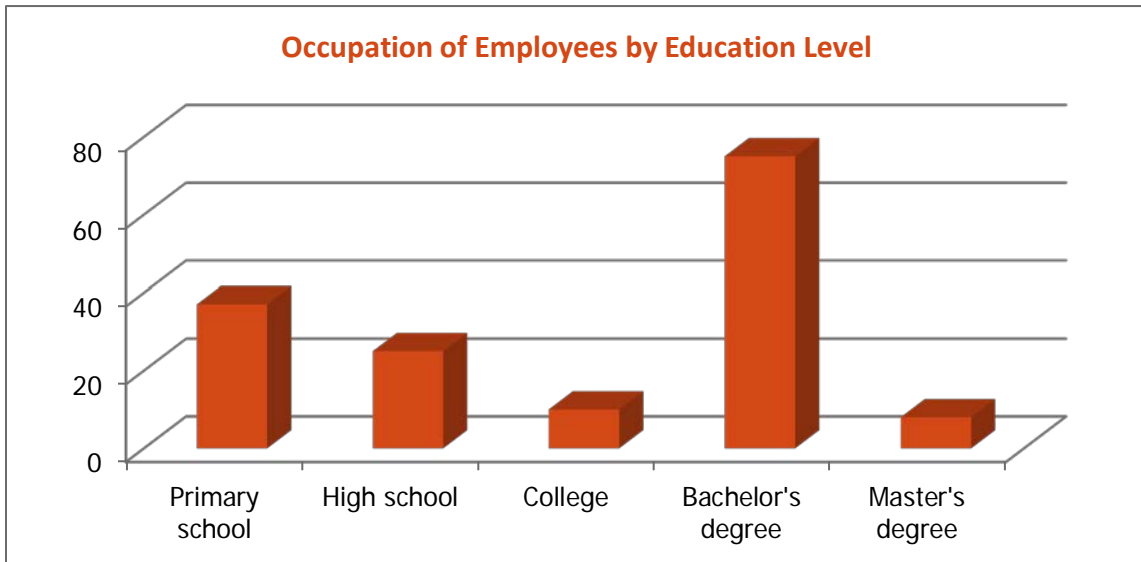
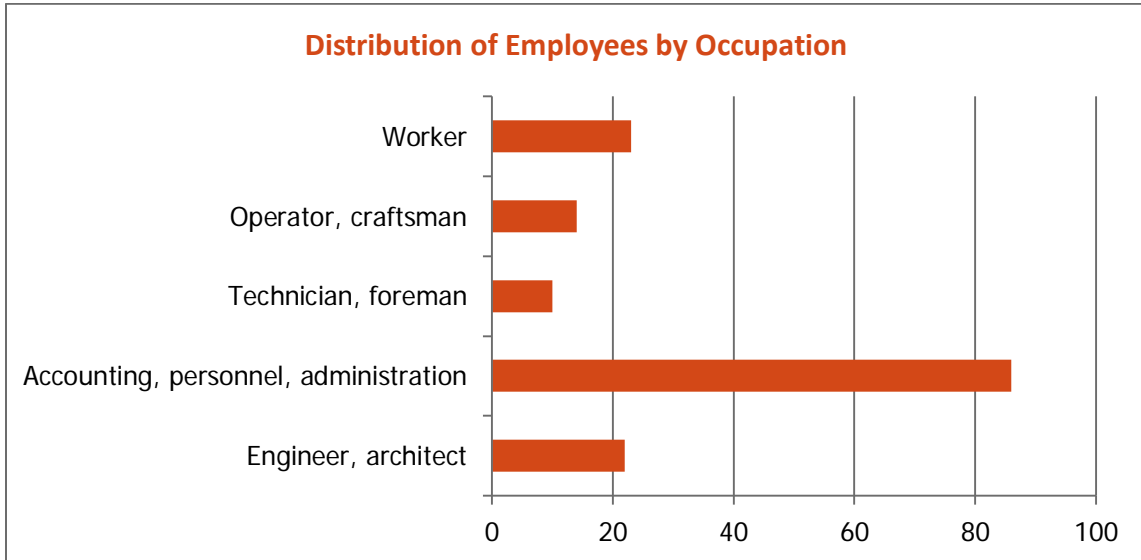
Training activities are grouped under three categories in Adalı Holding, namely:

- Personal Development
- Managerial Skills
- Vocational Skills

All new personnel recruited for or transferred to a position is given information about the company and general working conditions by Human Resources or the manager of the department where they are to work. They are given job description documents to read. New employees are provided with a written Orientation Program prepared by department managers and Human Resources. The Orientation Program is pursued with an Orientation Form and the records are kept by Human Resources upon completion of the program.

As of 31 <sup>st</sup> March, 2014	FEMALE (White Collar)	FEMALE (Blue Collar)	MALE (White Collar)	MALE (Blue Collar)	FEMALE MANAGERS	MALE MANAGERS
SERKA Taahhüt	24	7	70	54	6	14





## OBJECTIVES

Adalı Holding is aiming at reaching 300 MW of installed capacity in hydro-electric and wind power by end 2016.

**Serka** leadership is totally committed to extending best value services in a timely manner to its customers as a uniquely positioned global partner.

With our rooted past and assets as the assurances of a promising future, we are striving hard to expand our territories, enlarge our work volume and enhance our position in the present locations adhering to our principles, ethics and code of business conduct.



## CONTRIBUTION TO SOCIETY

The shareholders are well aware of their responsibility to our community. The Group built a high school in Adana being the hometown of Adalı family. Similarly, following the dramatic earthquake in Van an eastern province, another high school was built. Both of the projects were donated to Ministry of Education.



## THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

### HUMAN RIGHTS

Principle 1- Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2- Businesses should make sure that they are not complicit in human rights abuses.

### LABOR

Principle 3- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4- the elimination of all forms of forced and compulsory labor;

Principle 5- the effective abolition of child labor; and

Principle 6- the elimination of discrimination in respect of employment and occupation.

### ENVIRONMENT

Principle 7- Businesses should support a precautionary approach to environmental challenges;

Principle 8- undertake initiatives to promote greater environmental responsibility; and

Principle 9- encourage the development and diffusion of environmentally friendly technologies.

### ANTI-CORRUPTION

Principle 10- Businesses should work against corruption in all its forms, including extortion and bribery.

## CONTACT US

Please contact Atilla Sanlı (CFO, Adalı Holding) for any questions you may have about this Communication on Progress.

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