

COMMUNICATION REPORT

2009—2010

ESER CONTRACTING AND
INDUSTRY Co. Inc.

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ESER TAAHHÜT VE SANAYİ A.Ş.
Eser Contracting & Industry Co. Inc.





Dear Mr. Secretary-General,

I am pleased to confirm that Eser Contracting and Industry Co. Inc. continues to support the ten principles of the Global Compact in respect to human rights, labor rights, the protection of the environment and anti-corruption.

While we attempt to reduce our operating costs to be competitive and to maintain our position as the reference company in the sector, our experience has given us a clear awareness of our responsibility towards society and towards the environment.

We know that we cannot separate these aspects from the integrated management of the company. By this way Eser Contracting and Industry Co. Inc. has notably modernized its management systems and has become a company that is increasingly efficient while improving its environmental and social behavior.

We have been working towards constant working conditions improvement, environment protection and in that direction are introduced systems ISO 9001-2008, ISO 14001-2004, and OHSAS 18001:2007 system for health protection and operation safety.

Over the past two years, Eser Contracting and Industry Co. Inc. have grown rapidly despite tough market conditions. Throughout this time, we have worked hard to embed the UN Global Compact principles in all our business activities and scope of influence.

Though we do not operate on the same scale as a large multi-national, we are expanding rapidly into other markets such as Nigeria, and Saudi Arabia. We will be bringing these core principles with us into those markets, to our clients, partners and suppliers, as well as continuing to reinforce them within the market.

We continue to use the Global Compact and its principles as part of our strategy, culture and day-to-day operations, and our COP report is evidence of this.

To this end, our company undertakes to make a clear statement of this commitment - both to our employees, partners, clients and the public.

We support public accountability and transparency and will continue to report on progress made in a public manner.

The mission of Eser Contracting and Industry Co. Inc. Is to stimulate progress of employees regarding respect of tenth principles support of Global Contract with simultaneous creating of possibilities for dialogue between more interested parties and for collective actions.

We know, we have a long way to go but with the support of our shareholders, clients and suppliers and with the high level of skills and commitment of our personnel, the coming years will continue to be satisfactory and we will continue to generate wellbeing for society in general and for building the 21st century.

Sincerely yours,

İlhan Adiloğlu CEO



Company Details

Company name: Eser Contracting and Industry Co. Inc.

Address: Eser Green Building

Turan Gunes Bulv. Cezayir cad. 718 sokak No: 14 Cankaya Ankara Turkey

Contact name: Can Adiloglu

Contact position: Vice Chairman

Contact tel. no: 090 312 408 00 00

Date: 20/10/2010

Membership date: 03/10/2007

No. of employees: 170

Sector: Construction & Property

Brief description of the company

Eser Contracting and Industry Co. Inc. are a leading multi-disciplinary construction company in Turkey. We provide quality solutions from our head quarters in Ankara. Our International Group incorporates strategic partnerships in over 10 cities worldwide.

Our visions is to harmonies buildings with their surroundings, maximizing the natural resources available and deliver a sustainable future for generations to come.

Statement of support

Eser Contracting and Industry Co. Inc. is committed to ensuring our business is conducted in accordance

With rigorous ethical, professional and legal standards. We adhere to all applicable local laws and international regulations when working with our clients/partners.

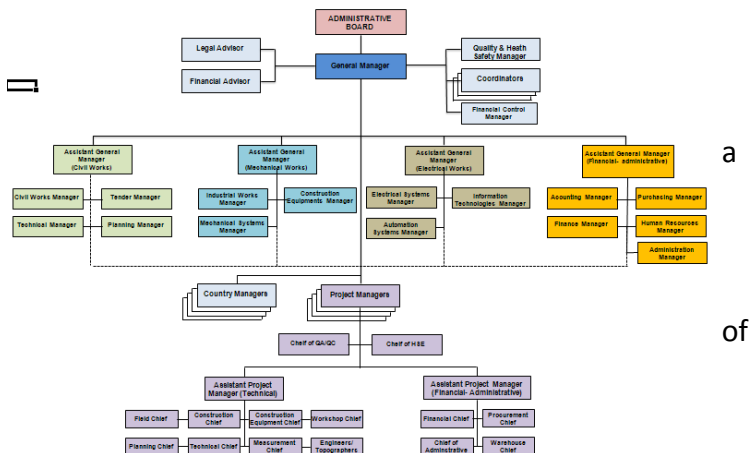
We are very pleased to submit our second Communication on Progress Report which covers the period 20/10/2009- 20/10/2010.

This report describes our continuing strong commitment to the UN Global Compact Principles.

LINES OF ACTIVITY
HYDRAULIC WORKS
Dams and Hydroelectric Power Plants
Irrigation and Drainage Systems
Derivation and Energy Tunnels
Regulators
Pump Stations
TRANSPORTATION
Highways and Roads
Railway and Subway Systems
Bridge, Viaduct and Tunnels
Marine Ports
Airports
Pipe lines
URBAN SUBSTRUCTURE
Water Supply and Drinking Water
Sewage System
Refinement / Treatment Plants
Natural Gas Systems
Solid Waste Depots
Decontamination and Removal of the Dangerous Wastes
INDUSTRY
Industrial Factories
Energy and Power Plants
Depots and Hangars
Telecommunication Plants
Energy Lines
BUILDING
Houses
Commercial Complexes
Military, Medical and Education Facilities
Tourism, Social and Cultural Facilities

Operational structure

Eser Contracting and Industry Co. Inc. have a clear organizational structure, a strict hierarchical line, precise definition of individual objectives and a strict definition of individual responsibilities. The operational organizational line is that a decentralized model, both geographically and functionally.



Principle 1 and 2: Human rights

Policies: Health and Safety Policy, Environmental Policy, Sustainability Policy, Quality Policy

Our commitment

We respect the Universal Declaration of Human Rights and seek to be guided by its provisions in the conduct of our business.

We are committed to meeting all of our staff's needs and to helping them develop as well-rounded individuals. We do this by supporting training and skill enhancement, and actively building recognition, pride, a sense of achievement and fulfillment into our working practices.

Our systems

Health and safety management system

We regularly review working practices including the general working environment and individuals' work stations to ensure that best practices are adhered to or adopted and that safety hazards are identified and accidents, so far as reasonably practicable, are avoided. Maintenance is regularly and scrupulously carried out and proper records are kept. All equipment and machinery provided complies with the appropriate Turkish standards and is designed or adapted for the purpose for which it is used. All employees who use or supervise the use of such equipment or machinery are properly trained in its use, including Health and Safety considerations.

Health and safety induction training is given to all new employees upon joining and regular refresher updating sessions are held for existing employees. We require the full cooperation and participation of all employees.



Our Health and Safety at Work Policy

To implement our system pursuant to the requirements of the OHSAS 18001:2007 Health and Safety at Work and to improve and develop its performance continuously. H&S policy headlines are summarized as follows:

To conform to the applicable legal rules and the rules that are determined by the organizations to which we are a member.

To attribute primary importance to the health and safety at work under all the conditions, to prevent the injuries and health disorders of our employees and raise awareness concerning this subject matter among our subcontractors.

To ensure the safety of all our circles, employees and subcontractors on the highest level.

To follow up the technological developments in health and safety at work and adapt these developments to our organizational structure. To improve continuously.

Environmental Management System

Environmental Policy is summarized as follows:

To conform to the applicable legal rules and the rules that are determined by the organizations to which we are a member.

To protect and use the natural resources in most efficient manner, to adopt the saving as a principle.

To prevent and reduce all the risks of environmental damage and pollution at all the stages of our processes.

To raise awareness concerning the environmental responsibility among all our employees and subcontractors.

To follow up the technological developments for the purpose of protecting the environment and adapt these developments to our organizational structure.

To cooperate with the green organizations.

The company's Staff Handbooks (such as Personnel Working Instructions, Driving Rules and Instructions) provides employees with guidance on their expected personal and professional conduct while working for the company.

Our Quality Policy

Quality Policy is summarized as follows:

To implement and continuously improve our system pursuant to the ISO 9001 Quality Management System requirements.

To attribute importance to the scientific work, to implement the modern technology, to meet all the expectations of the customer and meet the requirements of the engineering technology and by this way form the product on time and in most economic manner.

To improve the personal knowledge and skills of the human resources through the training activities.

To have the equipment and staff required by the product, to renew continuously and to modernize our methods. .

To be a project and engineering company that has a leading role in the sector and powerful both in homeland and abroad.

Our staff representative group has worked with the senior management team to ensure human rights are upheld, and awareness of issues and rights are communicated throughout our head office and site operations.

Human's rights protection is implemented in Master Business Plan where are anticipated resources and systems for instruction and specialization of employees, and with that achieving of:

- Clear and strict international standards for running of business.
- Transparency in working
- Strengthening of rights in: safety, equality, economic social and cultural freedom.
- Special rights for state, equity and protection of: women, youth and children.
- Practicing of continual dialogue with our personnel and including of employees in making important decisions



Principle 3: Freedom of association and collective bargaining

Our commitment

We enable those who wish to participate in trade union activity the freedom to join any trade union they wish.

Our systems

Professional membership

Our employees are free to associate themselves with a professional institute of choice relevant to their specialist field and the company pays for the annual membership. It is estimated that 60% of our employees are active members of a professional body.

Also, we support voluntary staff participation in training initiatives by time-off allocation (study leave) and fees cover.

Support and actively encourage employees to volunteer for any environmental or community initiatives.



Our employees are encouraged to seek professional membership of a relevant body. Eser Contracting and Industry Co. Inc. support this process by supporting training.

Respecting of working relations standards are implemented in collective contract with Trade Union where are strictly defined ways of:

- Concluding of contracts for working relations with employees complying with collective contract and which complies with labor protection of Turkish Rules
- Non-discrimination at employment and advancement regarding: sex, race, religion, political belonging, national or social origin.
- Annual and periodical doctor's checking of employees.
- Programs for education and advancement anticipated and with standards ISO 9001-2008, OHSAS 18001:2007 and ISO 14001-2004.
- Constructive and based on trust cooperation with Trade unions.

According to the valid systematization of jobs at every new employment, are concluded employment contracts with all employees by the employer Eser Contracting and Industry Co. Inc.; contract with which have been arranged rights, obligations and responsibilities, according to labor law of Turkey. For salary amount the employer agrees on with Trade union of the company.

In Eser Contracting and Industry Co. Inc. are not employed persons younger than 18 years.

In Eser Contracting and Industry Co. Inc. of total number of heads 30% are women.

A regular medical checkup is made of employees, especially eye check up for office stuff.

Principle 4 and 5: Forced and compulsory labor and Child labor

All employees of Eser Contracting and Industry Co. Inc. have been employed through the conclusion of a formal agreement, which conforms to the labor laws within the relevant various countries. All such agreements are clear on the right to terminate employment and the processes available in this instance.

We are confident that child labor practices are highly unlikely, due to the nature of our business.

We have a policy of zero tolerance to the use of child labor. We check the policies of all our suppliers and monitor compliance through site inductions and audits. Most of our supply chain partners are based in Turkey, but product manufacturers are increasingly global.



Eser Contracting and Industry Co. Inc. work experience programme with over 20 young people every year joining the business. Some of these young people have been excluded from school and join us on an extended basis. We partner with specialist educational business organisations to ensure all rules and regulations are complied with. Eser Contracting and Industry Co. Inc. was presented with an award for its work experience programme this year

Principle 6: Discrimination

Our commitment

We are an equal opportunities employer and embrace a diverse and multi-cultural workforce. Our aim is to ensure that no employee receives less favorable treatment on the grounds of sex, race, color, nationality, ethnic or national origins, marital status, having dependents, sexual orientation, age, disability, and trade union activity, political or religious belief.

Our systems

Recruitment

Human Resource Department monitors all applications against discrimination practices.

Training

All employees have an equal access to training facilities provided by the Company and are encouraged to take advantage of training facilities, which are available

Performance review

Eser Contracting and Industry Co. Inc. has an annual performance and career development review process which provides all employees with the opportunity to receive regular reviews, regardless of job, grade, gender, age or ethnic origin. Employees are free to discuss with line managers their own personal working conditions and concerns.

Our Equalities and Diversity policy and strategy are monitored by our Top Management to ensure the policy is embedded throughout our business. The policy is updated yearly, in partnership with stakeholders such as clients.

Principle 7: Precautionary approach to environmental challenges

Policies: Environmental Policy



Our commitment

Eser Contracting and Industry Co. Inc. sustainability strategy employs the use of best practice environmental principles and confirms the company's intentions to go further than current mandatory requirements on environmental matters in design, product selection and procurement.

Our systems

We help our clients to identify environmental risk associated with their projects. We design mitigation measures for those that may have a negative impact on the environment.

ISO 14001

Our Environmental Management System is the way we manage the direct environmental impacts of the offices, comply with legal and regulatory requirements, and continuously improve our management of our energy, waste, materials use and travel. It is important to all our clients that we manage our own environmental impacts and contribute to managing theirs.

Our activities

We started measuring our waste produced.

Eser Contracting and Industry Co. Inc. have achieved ISO14001 status which has led to drastic improvements in our policies and performance. We now have an Environmental Policy,

We have also set ambitious targets to reduce waste and carbon both at head office and at site level. To do this we have recruited two new additional staff to oversee our approach to environmental management and audit our sites.

For the protection of environment is implemented through introduction of standard ISO 14001-2004 following activities have been done:

- On 1 .March 2010 is an environment protection firm has been established within the holding.
- Working out of programs for development of technologies and resources management.
- Management with hazardous materials
- Management with waste
- Saving of resources
- Participation in seminars



Principle 8: Environmental responsibility

Policies: Environmental Policy

Our commitment

Building for the future means us making the most effective use of natural resources by designing low energy, low carbon and preferring sustainable materials. Our approach recognizes natural limits and seeks to add economic value at every stage.

In all aspects of design and delivery we aim for continuous improvement in resource efficiency and higher functional suitability (e.g. longer life, more flexibility). This results in higher operational efficiencies, with lower environmental impact and low waste.

Our systems

Expenses and Travel Policy

Public Transport is the preferred mode of transport at Eser Contracting and Industry Co. Inc. The use of other mode of transport is closely monitored and the use of taxis and car hire is strictly limited. We believe such approach contributes to reduction of our CO2 emissions.

For the Headquarter Construction Project, we have a different approach for a better, energy efficient building. We have established a team for the green house rules. Also for the benefit of surrounding area we have sign an agreement with the local government for the build up a theme park. This will be the first in the area." The Energy Efficiency" theme park will be constructed by our company together with local government.

We have built up a head quarter office building as per LEEDS standard. In order to have a LEEDS certified build, we should fulfill the requirements given in the LEED's documentation.

General Construction activities causes following environmental aspects:

Aspects	Generating activity
Emissions to the atmosphere (dust, particles and gases)	Earth moving, movement of machinery and demolition of buildings and structures
	Noise generation Machinery, explosions and blows
Consumption of resources	Water in making and curing concrete, spraying leveling and surfaces and general supply
	Fossil fuels and oil derivatives in machinery
	Electrical power in offices and on sites
	Consumption of materials (earth, gravel, iron and components for making concrete, bricks, paint, ceramic materials, etc)
	Consumption of paper
	Water pollution Earth moving, movement of machinery and extraction of gravel in sites close to rivers
Generation of wastes	Urban wastes
	Building and demolition wastes (inert): excess earth and rubble
	Dangerous wastes: used oils, packaging that has contained dangerous substances, etc
Occupation and alteration of land	Occupation of land for storing materials and of loam, and by auxiliary installations and the opening of accesses and roads to the site
	Localized compacting of soil in areas used by heavy machinery.
	Soil compacting reduces its permeability, in turn reducing infiltration and increasing surface run-off and erosion
	Pollution by accidental spillage of dangerous substances or wastes
	Loss of soil due to excavation and removal during the undertaking. Changes to the geomorphology of the area occupied due to the management of tips on the site and borrowed areas
Effects to the biodiversity and landscape	Occupation of the site, auxiliary installations and tips and borrowing



Principle 9: Development and diffusion of environmentally friendly technologies

Policies: Environmental Policy

Our commitment

We are committed to playing our part in society by openly communicating what we do to share our knowledge and experience through professional bodies and with clients, end-users and other stakeholders. We pride ourselves on our ability to build effective partnerships. We have an open approach to communication where all parties can engage, listen, learn and contribute to constructive dialogues.

Our systems

Environmental Consultancy Services

As Building Consultants we promote environmental awareness and best practice in the construction industry.

Our green building teams are dedicated to finding innovative and commercially realistic solutions to reduce operational energy and carbon costs across estate portfolios. We continuously advise our clients how to re-use and recycle materials more effectively to produce less waste.

Waste

Eser Contracting and Industry Co. Inc. have been working with SiMAT, a Turkish government agency which aims to recycle and reduce waste. Eser Contracting and Industry Co. Inc. are committed to halving waste to SiMAT. As a result we have:

Introduced a full recycling system within our head office and regional offices

Introduced site waste management plans for all our site operations

Training for all staff on reducing waste

A strategic alliance with key supply chain partners to reduce waste through less packaging and 'plot packaging'

Reuse of materials and increase in recycling



Principle 10: Anti-corruption

Our commitment

We at Eser Contracting and Industry Co. Inc. are committed to ensuring our business is conducted in accordance with rigorous ethical, professional and legal standards.

Our systems

Financial audits

An analysis of our accounts is prepared by the international external accountants and presented to the board on a regular basis. This procedure ensures transparency in the company's financial reporting systems.

The policy document is accessible for all staff members via the company Intranet.

Our activities

We audited our financial accounts.

Eser Contracting and Industry Co. Inc. have a zero tolerance policy towards corruption and bribery. We have a number of policies to support this including an anti-corruption policy and ethics policy. This is communicated throughout our procedures including our induction process.

Over the last year, we have been working with our staff to ensure they understand our policy in regard supply chain engagement.

Fight against corruption means high conscience with respecting of standards of cooperative governing and with that:

- Preventing of money laundries in all parts of our working.
- Ethic code of employees in firm.
- Through introduction of procedures and instructions for running of processes in firm are defined obligations and responsibilities and with that and "inspection and checking of balances".

Management is responsible for preparation and objective presentation of financial reports in accordance with International standards for financial statements. This responsibility comprises: creating, implementation and maintaining of internal audit relevant for preparation and objective presentation of such financial reports.