



Eser Contracting and Industry Co.Inc. Communication On Progress Report 2016– 2017



ESER

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



This is our communication on progress in implementing the principles of the United Nations Global Compact.

We welcome feedback on its contents.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Statement of Continued Support Letter from our CEO

Eser Contracting and Industry Co. Inc. has joined the United Nations Global Compact since 2008. Eser Contracting and Industry Co. Inc. is committed to supporting and enacting the ten principles of the UN Global Compact, in the areas of human rights, labor standards, environment and anti-corruption. Eser Contracting and Industry Co. Inc. is regularly reporting the Communication of Progress (COP) in accordance to the UN Global requirements.

We commit our actions to comply with the Global Compact and its principles into our business strategy, culture and daily operations. We are also committed to share this information with our stakeholders using our primary channels of communication.

Eser Contracting and Industry Co. Inc.'s business model allows her to grow and to invest in the communities where she operates, respect environmental issues, passion for excellence, loyalty, respect, responsibility and integrity.

Strong values for a shared responsibility at global and at local level. We serve markets all over the world, and we have plans and goals that apply everywhere in the same way. We are proud of investing in local communities, empowering people wherever we operate.

Our board fully supports our actions in working towards sustainability goals - in particular those contained in the UN Global Compact - and endorses the future priorities and specific targets in compliance with the global targets for C emission reductions and global warming mitigations, we set out in our report.

Through our support of the United Nations Global Compact, we also aim to move the agenda forward on performance related to human rights, labor rights, the environment and the fight against bribery and corruption. In our annual report, we have summarized the progress we have made against each of these principles and we will continue to follow them up in future reports.

Ilhan ADİLOĞLU
Chairman, CEO

Company Details

Company Details

Company name: Eser Contracting and Industry Co. Inc.

Address: Turan Güneş Bul. Cezayir Cad. 718. Sk. No: 14 Çankaya Ankara Turkey

Contact name: Can Adiloglu

Contact position: Vice Chairman

Contact Phone . Number: 00 90 312 408 00 00

Period Covered: 03/10/2016-21/09/2017

Membership date: 03/10/2007

No. of employees: 1700

Sector: Construction & Property

Eser Contracting and Industry Co. Inc. is a worldwide leading Contractor in engineering, project management, manufacturing and installation of architectural systems, structures and infrastructure systems. Eser Contracting and Industry Co. Inc. brings its Know-How and expertise to all projects, in particular when dealing with Special Features Buildings, beginning with the design development phases all the way to the successful completion, achieving the customer's expectations.

Eser Contracting and Industry Co. Inc.'s history goes back to 2004. During 2008 the Group started an international expansion in the Saudi Arabia, markets. Today, Eser Contracting and Industry Co. Inc. is a global integrated Group present in two continents with a network of over 8 companies in more than 10 countries, generating a total turnover of around 1.0 billion dollars a year. The Group employs around 1,000 people worldwide in its Engineering & Design centers and in the 5 construction sites equipped with the most modern and advanced technologies.

The mission of the Eser Contracting and Industry Co. Inc. is to build innovative and avant-garde architectural works alongside the world's greatest in contemporary architecture solutions. The quality of our works is guaranteed by our rigorous quality control system. Besides, it's constantly improved through R&D in new design and construction technologies and through the use of innovative materials. The use of environmentally friendly materials and eco-sustainable processes, and our commitment in energy saving, protect the environment and make the buildings themselves more comfortable and efficient.

Among Eser Contracting and Industry Co. Inc.'s projects are some world-renowned contemporary architectural works, such as the Eser Green Building (the first platinum certified green building in the Turkey). Eser assures quality, safe and economical project solutions by means of high technology and environmental friendly recycled materials and renewable energy input for the overall project solutions.

COMPANY'S POLICY FOR UN GLOBAL COMPACT'S 10 PRINCIPLES

I – HUMAN RIGHTS

1. BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

Eser Contracting and Industry Co. Inc. recognizes the rule of business community in supporting and respecting human rights, that is not to infringe human rights in the context of their own activities and their business relationships.

At this purpose Eser Contracting and Industry Co. Inc. issued a Group Code of Ethics in line with the international standard of Corporate Social Responsibility, that clearly and transparently defines the values that Eser Contracting and Industry Co. Inc. embraces in pursuing the Group's business goals, and the responsibilities Eser Contracting and Industry Co. Inc. assumes within and outside the Subsidiaries.

The core principles of the Code inspire the management of its business are described, amongst which the following principles are cited:

"Employee care and development"-

Eser Contracting and Industry Co. Inc. values its human resources and strives to instill a climate of loyalty and mutual respect by providing suitable tools and opportunities for professional growth.

Eser Contracting and Industry Co. Inc. cares about its employees' health and wellbeing, ensuring dignified working conditions and a safe and healthy workplace.

Relations between Eser Contracting and Industry Co. Inc. and its employees must be based on the principles of civil coexistence and respect for personal rights and freedoms.

"Hygiene, safety" -

Personal health and wellbeing, the safety of all work environments, and of our products are top priorities for the Eser Contracting and Industry Co. Inc. and inform all of our interactions with employees, suppliers, customers, partners, subcontractors, and third parties involved in our business.

Eser Contracting and Industry Co. Inc. works hard to ensure that its working environments, services and projects fully comply with all applicable laws. This commitment applies to all areas of work and every phase of a project: from engineering to procurement to final construction.

Eser Contracting and Industry Co. Inc. key principles concerning health and safety in the workplace.

- a) Risk avoidance;
- b) Measuring risks that cannot be avoided;
- c) Fighting risks at their source;
- d) Adapting work to men, especially with regard to the creation of jobs and the choice of work tools and methods and production, in particular to alleviate monotonous and repetitive tasks and reduce the effects of such tasks on staff's health;
- e) Keeping account of the degree of evolution of technique;
- f) Replacing what is harmful with what is not harmful or less harmful;
- g) Planning prevention, aiming at a coherent set that integrates the same technique, work organization, work conditions, social relations and the influence of work environment factors;
- h) Give priority to collective protection measures as opposed to individual protection measures;
- i) Give workers adequate instructions.

“Suppliers”

All suppliers working with Eser Contracting and Industry Co. Inc. must follow business practices that respect human rights, workers' rights and the environment.

Eser Contracting and Industry Co. Inc. requires its contact persons, customers and suppliers, other than its employees, to subscribe to and therefore respect its Code of Ethics. Specific clauses are provided for in the contracts.

Health & Safety Policy

Eser Contracting and Industry Co. Inc. are committed to improve the health and safety of the workers in compliance with the sector regulations of each Country. At this scope a Quality Assurance Manager has been nominated.

In Eser Contracting and Industry Co. Inc. web site www.eser.com is clearly defined the Health & Safety Policy:

- ❖ Forms a creative working environment for its employees, and priorities their career developments and participation into the production,
- ❖ Aims to keep the hardware and human resources necessary for its production, to develop these resources frequently, and to be the leader in its sector,
- ❖ Follows the production continuously, solves the problems on time, before turning them into customer complaints.
- ❖ Trying to prevent pollution
- ❖ Providing training for the employees with information on environmental issues
- ❖ Creating a positive environmental culture within the Company
- ❖ Taking action with appropriate control measures, when environmental hazards are identified
- ❖ Welcoming constructive comments from third party organizations on aspects that may improve environmental issues.
- ❖ The health of the workers will be in the first priority under any circumstances. For that purpose all necessary precautions should be taken by work crews and also by the sub-contractors.

Take the necessary safety measures before start of any work done by our crew or by the sub-contractors

Improvement - We will ensure continual improvement.

Consistency - We will establish and maintain transparent and effective safety management systems and minimum operational standards for the good management of health, safety throughout the Group and engage all our employees

Accountability, responsibility and competence - We will define and communicate everyone's health and safety responsibilities and required competencies clearly.

Monitoring - We will monitor our health, safety performance and review our system for managing performance regularly be affected are properly assessed and controlled, including our contractors and suppliers.

Education and training - We will consult our employees and ensure that competent advice and suitable training and resources are made available to assist them in performing their duties to promote health and safety.”

Actions & Outcomes

In the following the details of some actions taken by Eser Contracting and Industry Co. Inc. Subsidiaries.

At the purpose of guarantee the economic livelihood of its employees Eser Contracting and Industry Co. Inc. set in place the following actions:

1. Health & Safety.
2. Training.
3. Privacy.

1. Health & Safety.

We assess labor related risks with Health and Safety Management System OHSAS 18.001:2007 procedures.

Employees Health

Eser Contracting and Industry Co. Inc. provides health seminars to all employees in order to sensitize the employees regarding the illnesses prevention.

- Prevention is Life

Eser Contracting and Industry Co. Inc. initiated the prevention project totally free eye and vision Check-up for employees.

- Anti-influence vaccination

Eser Contracting and Industry Co. Inc. offers the possibility of having a free anti-influence vaccination to all its employees who will go to work for Africa region.

Safety at work

Eser Contracting and Industry Co. Inc.'s corporate management considers that health and safety at work (HSW) is an aspect of fundamental importance within the correct operating and planning of the resources employed and respect of a human being in all its meaning.

For that purpose the management has activated a health and safety at work management system as an integral part of its business, promoting strong awareness of safety at every level of the corporate hierarchy in a continuous perspective of prevention and improvement. Eser Contracting and Industry Co. Inc. is committed to improving the health and safety of the workers in compliance with the sector regulations. The companies have decided to establish an office dedicated to work exclusively on safety in the work environment.

2. Training.

In 2016-2017 Eser Contracting and Industry Co. Inc. developed the following training projects:

- Safety Training

Eser Contracting and Industry Co. Inc. periodically organize training courses in relation to the matters of prevention, protection and safety at work. In the annual period 2016-2017 the training courses involved 110 Eser Contracting and Industry Co. Inc. employees in the HQS. Training courses continued during the course of 2017 in a manner aimed more at the individual work categories. Specific courses were proposed to the office staff on.

- First aid
- Environmental management system
- Environmental Consolidated Act - etc.

With regard to the production employees, the training courses were developed on themes strictly connected to the activities of an industrial factory, for example:

- First aid
- Fire prevention
- Utilization of machinery (gantry cranes, fork lifts, etc.)
- Waste management - etc.

In 2017, 400 hours of training course have been issued.

3. Privacy.

Eser Contracting and Industry Co. Inc. protects the personal data of its employees. The processing of the employees' personal data takes place in observance of the Italian legislation on Privacy. Access is reserved only to the staff involved in the function concerned. Paper documents with the sensitive data are conserved in protected areas, locked cupboards or offices.

Data conserved on electronic supports are protected by an authentication password. Data saved in server files is subjected to a planned backup, thus avoiding the risk of its loss.

The employees were also trained in connection with the Privacy regulations and in this context were acquainted with the methods with which to conduct the processing.

2.BUSINESS SHOULD MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES COMMITMENT

Eser Contracting and Industry Co. Inc. rejects any behavior that could lead to complicity in the commission of crimes of human rights abuses.

Actions & Outcomes

Code of Ethics

Everyone who collaborates with Eser Contracting and Industry Co. Inc. has to respect the ethical principles in which the Group believes. Eser Contracting and Industry Co. Inc. has promoted the dissemination of its Code of Ethics to all employees, as well as customers and suppliers, asking them to sign it, and thereby approve.

Follow some actions set in place by the Eser Group Companies.

Training on the Code of Ethics

Training sessions held in order to inform and educate them also on the principles of the Code of Ethics, in Turkey and the other Group Subsidiaries.

During 2017 training was held at all subsidiaries.

Reporting

Eser Contracting and Industry Co. Inc. has set up an e-mail address for the reporting of any violations of the Code of Ethics, and therefore also for reporting hypothetical and potential human rights abuses. Reports are received by Eser Contracting and Industry Co. Inc. HR manager, which has the responsibility to inform the Board of Directors and the Board of Auditors in case Code of Ethics violations. All reports are handled in compliance with privacy regulations, safeguarding the rights of anonymity of the person reporting.

During 2016-2017 they did not receive any information indicating that abuse occurred in relation to human rights.

II – LABOUR

3. BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

Eser Contracting and Industry Co. Inc. recognizes the right to collective bargaining, which supports the freedom of association of workers.

Actions & Outcomes

Where admitted by the local law, the Eser Contracting and Industry Co. Inc. recognizes the right to collective bargaining and allows the periodical meetings. There is no such outcomes for the 2016-2017.

4. BUSINESSES SHOULD UPHOLD THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOR COMMITMENT

Eser Contracting and Industry Co. Inc. recognizes the importance of respect for the psycho-physical and cultural integrity of people, guaranteeing working conditions that respect human dignity and a safe and healthy working environment. Eser Contracting and Industry Co. Inc. also recognizes its own "social responsibility" in ensuring the basic rights of workers on the job.

Actions & Outcomes

Eser Contracting and Industry Co. Inc. disapproves of the use of any form of coercion against staff, as well as the use of concealed labor. At this scope Eser Contracting and Industry Co. Inc. set in place policies and internal rules to impede it.

Each Group company is obliged not to use forced labor, and to respect the working hours required by national legislation in the countries in which its individual subsidiaries operate.

Eser Contracting and Industry Co. Inc. recognizes the right to overtime pay where required by law. The Companies also are required to ask to subcontractors (ex. Installation companies), before starting any kind of activities or business, evidences of tax, salaries, insurance and social security positions for their employees.

5. BUSINESS SHOULD UPHOLD THE EFFECTIVE ABOLITION OF CHILD LABOUR COMMITMENT

In compliance with the laws of the country in which it operates and with international law, Eser Contracting and Industry Co. Inc. respects and promotes the abolition of child labour.

Actions & Outcomes

In adopting the Code of Ethics, Eser Contracting and Industry Co. Inc. companies undertake to respect the principle of abolition of child labor for children of non-working age.

Eser Contracting and Industry Co. Inc. does not hire children of non-working age

6. BUSINESSSES SHOULD UPHOLD THE ELIMINATION OF DISCRIMINATION OF EMPLOYMENT AND OCCUPATION COMMITMENT

Eser Contracting and Industry Co. Inc. is also working to ensure equal opportunity hiring, and to act with impartiality towards its employees.

Actions & Outcomes

Eser Contracting and Industry Co. Inc. formalized internal hiring and personnel management procedures/policies to mitigate the risk of discrimination based on age, race and ethnic origin, nationality, the political opinions, religious beliefs, gender or health status of its employment candidates. Follow some example:

ALL PROJECTS:

Eser Contracting and Industry Co. Inc. formalized internal hiring and personnel management procedures to mitigate the risk of discrimination based on age, race and ethnic origin, nationality, the political opinions, religious beliefs, gender or health status of its employment candidates.

These corporate procedures are applied to all candidates and employees without regard to race, age or gender.

Eser Contracting and Industry Co. Inc. select candidates focusing on the skills of the individual in relation to the job sought. Staff management follows rules established by Staff Regulations and in internal procedures, also without regard to race, age or gender.

CAMEROON ROAD PROJECT

The Company has a diverse workforce comprising of employees of various nationalities from Turkey and Cameroon. The Company local representative is also a Cameroon citizen. The Company follows a structured interview process whilst selecting the employees. The initial interviews are conducted by the Department/Line Managers and the final interview is conducted by HR.

Candidates are selected solely on the basis of their merits by matching the requirements described on the Job Description to the skills/competencies of the individual.

We run annual appraisals every year to follow up personal development needs and training requirements and these are implemented with training program.

III – ENVIRONMENT

7. BUSINESS SHOULD SUPPORT APRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES COMMITMENT

Eser Contracting and Industry Co. Inc. recognizes the environment as a primary asset that must be safeguarded, and undertakes to comply with current regulations regarding environmental protection and conservation, promoting a running of its business cantered on the proper use of resources.

Eser is one of the most environment friendly company in the World with holding Leed Platinum Certificate for its Eser Green Building HQ in Ankara-Turkey. Eser also has ISO 14001:2004+AC:2009 Environment Management System Certificate that provides a dedication to the Global Environment protection for its daily operating and consultancy business activities.

Actions & Outcomes

Eser Contracting and Industry Co. Inc. is committed to reducing consumption of energy and material, especially as regards sources of energy. Technical details and system operation of Eser Green Building was given in Last Year COP Report. We have still been monitoring the building and consumptions, all the systems are in operation.

Due to energy storage provided by its electro-mechanical system, Annual Energy Consumption is 50% less than the similar buildings in Ankara.

8- BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY & COMMITMENT

Eser Contracting and Industry Co. Inc.supports initiatives for the promotion of greater energy savings.

Actions & Outcomes

Eser Contracting and Industry Co. Inc.take in place activities to promote a greater environmental responsibility, like for example the improving environmental and recycle rules.

Follows details of few initiatives:

ESER GREEN BUILDING

Eser Contracting and Industry Co. Inc. 's head quarter is located in Ankara and the Eser Green building has been a very important building in the area. This building has been opened to public excess and different projects has been implemented.

With the support of TUBITAK (The Scientific and Technological Research Council of Turkey) we are conducting "Energy-Efficient, High-Performance Buildings for Rational Exergy Management Based Automation Algorithm Development and Web-Based Benchmark for the creation of Green Building Automation project" With the help of this Project we plan to have some improvements for the energy consumption of the building. In this context, our Green Building systems which are not working at full capacity for various reasons have been taken into account:

- Ice Storage Unit
 - Absorption Chillers
 - Grey Water Treatment System with parts missing and some other equipment deficiencies have been corrected, the necessary technical revisions have been made and commissioned.
- In order to obtain accurate data, new building measuring devices are provided in addition to the required points.
- Two calorimeter,
 - Three-card water meter,
 - Meteorological station.

New separated water meters installed the building to measure, consumed in rain water, gray water and main water usage. A new meteorology station with automated algorithm to be used for current outdoor conditions (temperature and humidity, wind intensity and direction, per square meter of solar energy quantity) correctly aimed to operate more accurately.

9- BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTAL FRIENDLY TECHNOLOGIES

Eser Contracting and Industry Co. Inc.recognizes the importance of research and development regarding the environment. For this reason Eser Contracting and Industry Co. Inc.has joined projects to encourage energy saving.

Actions & Outcomes

Eser Contracting and Industry Co. Inc.is active in the development of new, eco-friendly technologies.
Eser Green Building Energy Optimization Project

Also known as "Energy-Efficient, High-Performance Buildings for Rational Exergy Management Based Automation Algorithm Development and Web-Based Benchmark for the creation of Green Building Automation project" In partnership with Baskent University and TUBITAK (The Scientific and Technological Research Council of Turkey)

With the help of the Project we plan to establish a green building optimum operating algorithm and web based control system.

IV- ANTI CORRUPTION

10. BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY COMMITMENT

Eser Contracting and Industry Co. Inc. the principle of impressing upon stakeholders relationships that are honest, fair, and have integrity, transparency and mutual respect. Honesty and transparency are fundamental principles in all Group activities and are essential elements in business management.

Eser's policy against corruption, bribery and extortion is to pursue all of its business transactions in an honest and ethical manner in doing business anywhere in the World.

Company's goal is to provide education for all level of employees up to management about corruption, as well as what to do if one should encounter it.

Regarding relationships with the Public Administration, all relationships between the Group and public institutions are arranged by associates entrusted for this purpose, and are based on the principles of lawfulness, fairness, transparency, cooperation and non-interference, with respect to their mutual roles. The Group does not exchange money or other means of payment with public officials to influence activities they perform as their official duties, neither directly nor through intermediaries.

Gifts, favours or conduct towards government representatives, public officials and public employees that are not transparent are not allowed.

All interactions between the Group and public institutions are handled by authorized personnel based on the principles of legality, integrity, transparency, cooperation and non-interference, within the scope of each party's roles and in accordance with the law.

Personnel must refrain from interfering in the decisions of civil servants: It is forbidden to give money or other forms of payment, directly or through intermediaries, to public officials, civil servants and their close relatives in order to influence them in the performance of their duties. Gifts, favours, benefits or conduct lacking in transparency with respect to government representatives, public officials and civil servants in general are not allowed.

In any case, it is forbidden to give gifts, favors or benefits to civil servants or State-controlled companies or their relatives, unless the goods or services concerned are of reasonable price and it is traditional custom to do so.

Fraudulent conduct (omissions, false declarations, etc.) for the purpose of obtaining subsidies, grants or government loans is expressly forbidden. Financial resources obtained legitimately from government agencies and Public Institutions cannot be used for purposes other than those declared in the application.

Subject to approval from the CEO, Group companies may comply with requests for donations from non-profit entities and associations.

Actions & Outcomes

As an international company, Eser has an external audit company to do internal audits every year and the report directly submitted to the Board.

The principles of honesty and fairness constitute a commitment by the company to refrain from illegal conduct.

All projects follows the principles and adopted internal policy and procedures against bribery and extortion.

Eser has not been involved in any legal cases, rulings or other events related to corruption and bribery. There has been no such incident reported in the last period.