



# COMMUNICATION ON PROGRESS

AKÇANSA

Dear stakeholders,

As a company carrying out all of our activities by paying regard to the environment and society and managing all these activities in line with a corporate strategy under "Sustainability" since we have been established, we see contributing to the society and environment as a part of our business. We will be publishing our 5th report in 2017 as the first and only company publishing a sustainability report in the Turkish cement industry. Akçansa's corporate sustainability policy is implemented with the targets set out in Sustainability Targets 2030 covering all subsidiaries of HeidelbergCement. The implementation plan, which our company will prepare for achieving the Sustainability Targets 2030, will also be announced this year.

As a company procuring its raw material from the nature with the insight "producing from what is consumed" and as a company harmonious with the nature, we have committed ourselves to make investments for preserving the natural life and resources and to raise awareness by reaching out to more people.

We have taken efforts on not causing any permanent negation on biodiversity, which has a significant importance for the natural life and the society, and even providing a positive contribution into our strategic priorities. Yet, we are using waste rubber, plastic, waste mud and other types of wastes as an energy input for our production processes.

Climate change is an important domain for us, as for the entire cement industry. At Akçansa, we adopt a solution driven approach on climate change. Accordingly, in addition to mitigating practices such as energy efficiency and emission reduction, we are implementing both environmentally and economically effective solutions in the struggle against climate change such as the use of alternative fuel and raw materials.

As Akçansa, we continue at full pace to raise awareness and to become a role model through the practices at our workplace and the OHS trainings we conduct. Akçansa OHS Academy we launched in this context serves with a continuous and innovative approach to

all our employees, suppliers, business partners and stakeholders, both theoretically and practically, within the scope of Akçansa OHS Golden Rules meeting the requirements of the best international practices and standards related to the Occupational Health and Safety, as well as the requirements of the Occupational Safety Law. With all these efforts, we aim to an occupational health and safety culture, to make it a culture of life, and to create healthy, safe workplaces.

We exhibit the importance we attach to sustainable life and the ecological sensitivity in our investments, as well as in the projects we carry out with the products we offer to the market.

In this context, we have launched "My Neighborhood" social responsibility project in 2015 in order to support a better communication between the new generation and their parents who raise them and to lay a sound basis for the future.

Valuing people and embracing the human resources management as a company rather than considering it as a function, we have been awarded with Gold Standard following our first application to and first assessment by the Investors in People (IIP), the international people management and development standard.

We will continue to inform the public and our stakeholders by focusing on carrying out our sustainability efforts within the scope of the global guidelines of the UN Global Compact.

Sincerely yours,

**Şahap Sarier**  
General Manager

DESCRIPTION OF ACTIONS

Human Rights

Ethic

Akçansa adopts the **Sabancı Code of Business Ethics (SA-ETIK)** of Sabancı Group, of which it is a subsidiary; corporate principles, ethical values, and standards are defined within the framework of this document throughout the company. SA-ETIK serves as a guideline for company employees to fulfill their responsibilities within the scope of legal regulations, internal norms and contracts and completely for the benefit of the corporation, by avoiding behaviors that might harm the corporation. SA-ETIK principles are also supported through internal policies. The Code of Business Ethics is binding for all operations of the company, members of the Board of Directors, managers, and employees. Besides, all suppliers, subcontractors, dealers and business partners are also expected to comply with these principles. The constitution and sustenance of a corporate culture and working environment promoting ethical principles is the responsibility of managers.

Akçansa conducts all its operations within the framework of local legal regulations and international rules of law; being a publicly traded company, it manages its activities in compliance with the relevant communiqué published by the Capital Markets Board. Seeking to ensure that Akçansa employees are aware of the corporate impacts of their actions and attitudes, SA-ETIK creates the necessary transparent, honest and reliable communication environment for the management of the relations with shareholders, as well as in all goals, decision-making and business management processes.

The “Procedures and Methods to Be Followed While Making an Ethical Decision” and “Resolution of Unconformities” process were defined in the SA-ETIK document and contact information were shared.

Employees can transmit their notifications regarding ethical principles to their managers, Human Resources, **Ethic Principle Consultant, or Sabancı Holding Ethics Board** by phone or e-mail, in secrecy.

Employee Health

Akçansa aims for the protection of its employees from occupational diseases and illnesses in general. In this regard, analyses are performed at all operation sites of Akçansa, where raw material production, raw material transportation, production and similar operations are conducted, to determine health risks. **Follow-up health checks** are performed periodically, once or twice a year depending on the operation type, in relation to these risks. Akçansa employees are offered trainings by the workplace doctor throughout their working lives.

Occupational Health and Safety

Occupational health and safety is a common priority area for all the links in the value chain of Akçansa. Akçansa manages the health and safety risks originating from the business processes of its employees and stakeholders with a preventive approach. In this direction, works are conducted aiming at the generalization of the occupational health and safety culture among its employees and stakeholders.

Trainings and practices, behaviour oriented audits and field audits are realized in order to enhance the awareness of employees regarding occupational health and safety, ensure the minimization of risks and constitute a productive working environment. Awareness raising programs and simulation based trainings are also organized for suppliers and customers, alongside employees.

At Akçansa, high standards are implemented regarding occupational safety. OHS processes are managed in accordance with Quality, Environment and Energy Policies within the framework of Integrated Management System. The OHS Policy complies with the requirements of the OHS Law No. 6331, OHSAS 180001 Standard, and ILO Conventions.

While OHS is the common responsibility of all Akçansa employees, OHS Directorate manages related processes

and reports obtained results to the senior management. Besides managers taking office at Headquarters, experts working at production facilities also take part in the management of OHS policies and practices.

Occupational health and safety trainings continued at the OHS Academy for Akçansa employees in all fields in line with the annual plans, and drills were carried out at all field for preparation against possible emergencies.

“I Am Safe At Height Project”, related to working at height - one of Ten Golden Rules of Akçansa in occupational health and safety, has been planned, the international standards and practices within the scope of the project have been taken into account, and the actions determined are taken.

2020 SUSTAINABILITY AMBITIONS		
Attributing Utmost Priority to OHS		
Goal Definition	KPIs	Target 2020
Establishing best possible OHS conditions for employees, contractors and 3rd parties.	Accident Severity Rate	0
	Fatalities	0
	Lost Time Accident Frequency Rate	0

## DESCRIPTION OF ACTIONS

### Labour

As the leading and most admired company of its sector, Akçansa acts with the priority of creating a positive organizational climate that will ensure the self-realization of employees. Human resource processes are carried out under the guidance of agreements and decisions such as ILO Conventions, UN Universal Human Rights Declaration, besides the provisions of the Labour Law. Akçansa also adopts the principles determined by the UN Global Compact, of which it became a signatory in 2014, in relation to working life.

### Fair Work Environment

Providing a fair and participatory work environment for its employees, being recognized for its respectability and reliability by its employees and business partners are among the most important values of Akçansa. Akçansa adopts SA-ETIK principles recognized by Sabanci Holding, one of its principal shareholders, in order to preserve these values and defines the basic rights and responsibilities of its employees in this framework. All employees are informed regarding ethical principles through ethics trainings that also involve human rights issues. Besides, there are also channels through which Akçansa employees can directly access the Akçansa Ethics Board Consultant.

Offering the work environment and conditions that its employees deserve, promoting gender equality in work life, enhancing communication and synergy among employees by recognizing the value of diversity are among the fundamental priorities of Akçansa. The

multinational partnership structure of Akçansa brings diversity to the organization along with foreign national employees.

Akçansa employees are introduced to the egalitarian working environment in the recruitment process. The characteristics of candidates such as their religion, language, race, sect, gender, physical attributes and life choices are not questioned under any conditions and any practice that might be perceived as discrimination is prohibited in the recruitment process. Forced, compulsory labour and child labour are not tolerated in Akçansa operations. The same principle also applies to subcontractor employees.

In order to ensure that sustainability impacts, primarily the principle of respect for human rights, are kept under control across the supply chain, the working principles that product and service suppliers are required to follow have been determined and attention paid to work with suppliers adopting these principles. In this way, the social, environmental and economic impacts of products are managed in an identical manner with Akçansa throughout their lifecycle starting with the procurement stage. Compliance with the norms determined in Akçansa Supplier Business Ethics Principles is the responsibility of all suppliers and also a part of subcontractor service contracts. Child labour, forced and compulsory labour are prevented in supply operations by means of business ethics principles, issues such as respecting the union rights of employees, complying with occupational health and safety principles, acting in compliance with norms, ILO Conventions and legal regulations regarding operations, preventing discrimination, bribery and corruption are ensured.

Akçansa, which acts with the purpose of offering a fair and egalitarian work environment to its employees, has also committed to voluntarily abide by the principles aiming for the elimination of gender discrimination in business life, to establish reliable systems for the dissemination of these principles and to report transparently, through this declaration. Furthermore, Akçansa became a signatory party to **Women's Empowerment Principles – (WEPs)**, one of the major global private sector initiatives aiming women empowerment for enabling them to participate in economic life, in all sectors and every level. With this vision, Equality at Work Policy promotes employment of women at all positions.

### Talent Acquisition

As the sector's leader and most admired company, Akçansa, in line with its HR strategy, aims to enhance its strength by getting to know and creating strong bonds with potential employees who love their work and who want to be a part of Akçansa.

Akçansa employees become acquainted with Akçansa's fair and impartial workplace environment during the recruitment = talent acquisition process. When recruiting and hiring people, the company makes no inquiries whatsoever concerning such issues as religion, language, race, creed, gender, physical condition, or life choices and engages in no practice whatsoever that might be perceived as being discriminatory.

In line with its "Choose the right person for the right job" principle, Akçansa decides whether job applicants are qualified or not as a result of a process that involves multiple observations and objective criteria that include

interviewing, personality inventorying, and foreign language competency testing.

In line with its "**Choose the right person for the right job**" principle, Akçansa decides whether job applicants are qualified or not as a result of a process that involves multiple observations and objective criteria that include interviewing, personality inventorying, and foreign language competency testing.

With the "**Internal Assessment Team**" established in 2017, the talent acquisition and management process has been further strengthened. This process is managed systematically and impartially on a variety of platforms that include university career days and career centers, social media, career websites, web-based job interviews, İŞKUR, GAN, and Long Term Internship Project. In order to help new recruits adapt to the company processes and corporate culture, they are supported with Employee Coach (Buddy) practice in addition to the individual and general orientation programs. In 2016, this process is further strengthened with the digital new e-Orientation module.



## DESCRIPTION OF ACTIONS

### Employee Participation

Employee participation is encouraged at Akçansa through informational and motivational gatherings (**"Communication" and "We're Listening To You" meetings**) which are attended by all personnel and at which knowledge, ideas, and suggestions are exchanged. Employees' satisfaction and loyalty is measured through a regularly conducted "Work Life Evaluation Poll" in order to determine issues that may be in need of correction. There is also a "Recommendation System" which gives the company the benefit of employees' innovative ideas and which directs its attention to areas where improvements are needed. Made up of voluntary representatives from different company functions and locations, the "Employee Ambassadors Council" serves as a platform for making uninterrupted two-way communication a way of life at Akçansa both by serving as a bridge and by providing a strong, trusted, and clear channel through which information about employee-related actions and practices may be spread throughout the company.

The goal of the Leadership Meetings, Leadership Style Survey, Organizational Climate Survey, and Leadership Development Program that are conducted every year at the company is to support the continuous improvement of executives' leadership skills.

In 2016, Akçansa aimed spreading the leadership development to the executives at different levels of the organization (engineers, directors, managers) with "Akçansa Progress Academy".

### First Accredited Mentoring Program in the Cement Sector

In its 3rd year, Akçansa's Internal Mentoring Program Kariyer Çınarı (Career Plane) has been accredited by the European Mentoring and Coaching Council (EMCC) Turkey according to the international standards in 2017. Akçansa has set an example to all the other organizations and companies in this field as the first company accredited by EMCC in the cement sector.

Being the "first" in the sector in Turkey with the mentoring program, which is one of the most effective means of creating a corporate culture and of employee loyalty in companies, has been widely appreciated in the EMCC community around the world.

### Work / Life Balance

Based on the work / life balance, sports, cultural and social events as well as Family Workshops diversified in line with the requests and expectations of all employees are carried out in Akçansa under "Happiness Workshop".

"One Spark Club" strengthening volunteering and social awareness continues to add value to the society with the initiative of Akçansa employees.

In addition to these events, in 2016, the support program "Don't Worry, Make a Call", where all of employees and families can reach 24/7, was launched.



Equality & Diversity

Providing employees with a positive workplace environment and conditions as they deserve, supporting gender equality in working life, increasing communication and synergies among employees and thereby strengthening its corporate culture by acknowledging the value of diversity are among the top priorities of Akçansa. With the Equality at Work Declaration signed as a member of the “Equality at Work” platform established under the World Economic Forum (WEF) under the auspices of the Ministry of Family and Social Policies, Akçansa undertakes that it will voluntarily comply with the principles to eliminate gender-based discrimination at the workplace, will proactively champion these principles, and will establish reliable systems that will make it possible to transparently report its progress in dealing with such issues. “Mom, Bring Me Milk” project, launched within this scope for balancing the life/work balance of the nursing mothers, and “Ladik Glass Workshop”, which provides training to the spouses of Akçansa’s Ladik Plant employees and housewives from Ladik and giving them an opportunity to turn their efforts into an economic value by participating to production activities, still continue.

Akçansa Equality In Business Network

“Equality in Business Network” created in Akçansa in 2017 has supported the personal and professional development of female members of Akçansa, and aimed raising an internal and external awareness. Targets were set for the personal targets of company's executives with equality in business.

Külçe Külçe Project Competition

“Külçe Külçe Project Competition” is organized in order to provide our employees the opportunity to put their innovative ideas at the best level and to enrich their experiences.

Workplace

The efforts that Akçansa makes to enhance the quality of life of its employees are not limited to the physical conditions of the workplace itself. The company also provides social spaces such as clubhouse and beach facilities for the use of its personnel and their families

Environment

Emission Management

Cement production is realized through emission intensive business processes owing to energy consumption and calcination that occurs due to product composition. For this reason, Akçansa constantly monitors its carbon dioxide emissions, dust, and other polluting airborne emissions and conducts reducing works as part of its Sustainability Ambitions 2020. In this regard, Akçansa follows the Energy and Carbon Dioxide Inventory, an industry standard in Scope 1 and Scope 2 carbon dioxide emissions calculations, prepared by WBCSD Cement Sustainability Initiative (CSI).

January 1st 2015, all our air emissions were started to be constantly recorded through continuous measurement devices; hence, online data transmission to Ministry of Environment and Urbanization and District Environmental

Departments initiated in manner that data can be monitored instantly. This way, authorities can monitor our stack gas emissions instantly.

Dust Emission

Reducing the dust emission generated during the processes of downscaling, preparation and storage of raw materials and fuels is among our 2020 sustainability objectives. In this regard, bag filtering reduces dust emissions at all our cement, ready-mixed concrete, and aggregate facilities. All our kiln stacks in Büyükçekmece and Ladik Factories have been equipped with bag filtering system.

As part of the Green Plant Project implemented at Büyükçekmece Factory, it was aimed for reducing the visual and acoustic impacts of the facility, improving its dedusting performance and, enhancing its integration with the social environment. In this regard, the facings of structures were renovated, landscaping and afforestation works were conducted. The 40,000 m2 raw material stockyard was removed, planting and germination practices were started, also an artificial pond is to be built on the field. Irrigation and filtration systems were renewed for dedusting, insulation works were implemented for noise prevention.

NOx , SO2 and Other Pollutants

During the cement production process, nitro oxides (NOx ) arise from the chemical reaction during clinker production, and sulphur dioxide during the kiln combustion process. On the other hand, depending on the fossil fuels, alternative fuels and raw material types being used, pollutants such as volatile organic compounds, metals, hydrogen fluoride (HF), hydrogen chloride (HCl), dioxin, and furan are generated. All these emissions are calculated through continuous monitoring devices and reported to authorities as required by the relevant regulations. Although our emission values are below the limit values determined in legal regulations, various projects are carried out aiming at reducing all pollutant air emissions.

For instance, during the reporting period, SNCR Systems have been installed to all 3 furnaces in Büyükçekmece Factory in order to reduce NOx emissions. The SNCR system investments have also started in our Çanakkale and Ladik factories. Investment will be completed in 2018

2020 SUSTAINABILITY AMBITION		
Environmental Protection		
Goal Definition	KPIs	Target 2020
Continuous monitoring of emissions	NOx Emissions	< 800 mg/m³
	SOx Emissions	< 50 mg/m³
	Dust Emissions	< 10 mg/m³
	Specific CO2 emissions (kg CO2 /ton clinker)	830
Online monitoring of NOx and SOx values	Rate of rotary kilns monitored online	100%

**Combatting the Climate Change**  
**Energy Efficiency and Renewable Energy**

Production of clinker, composing material of cement, consists of processes that require a high amount of heat and therefore energy. Beside the large amount of cost it brings, this situation is also a significant source of the generated greenhouse gas emission stock. For this reason, energy efficiency, which is one of our fundamental means for combating against climate change elements, serves both to reduce environmental impacts and increase profitability.

Akçansa carries out its energy management processes in cement factories within the framework of ISO 50001 Energy Management System Standard. The operability of the system is controlled through periodical external audits and certified. Waste heat recovery practices, leakage loss monitoring, opting for efficient equipment, and improving processes are among practices aimed at improving energy efficiency. Unit managers responsible for energy at cement, aggregate and concrete production

facilities periodically get together to determine roadmaps for the more efficient use of energy and evaluate application examples, with the aim of reducing energy density, which is the primary purpose. On the other hand, energy managers are also responsible for relevant legal arrangements and regulations.

Through the wind turbine investment, licensing process of which was initiated in 2015, we aim at reducing greenhouse gas emissions. The capacity of the turbine, which is expected to be completed in 2016, is 2.35 MW and it will generate 7,844 MWh of electricity annually. This amount is equivalent to 1.8% of the total electricity consumption of the factory

**Alternative Fuel Use**

With the emergence of climate change risks, the use of alternative resources to substitute traditionally used fossil fuels that have a high calorific value and emission level also became prominent in the cement sector. This method, which is among current best practice examples in the works for combating climate change in the cement

sector, mostly involves the use of wastes as fuel. In this way, wastes are also being recycled, making this a method with high economic value for combating climate change.

By using wastes as alternative fuel, on the one part the energy needed for cement production is procured from a resource with lower environmental impact, while on the other hand the elimination of wastes, which generate emissions of methane that is many times more dangerous than carbon dioxide, is ensured. From this aspect, cement plants offer a more advantageous and effective solution for the elimination of wastes with an environmentalist method, which is among the greatest problems of urban administrations, compared to incineration facilities.

The greatest complication with using wastes as alternative fuel is the difficulty of access to prepared wastes. Akçansa made the necessary investments and obtained operating permissions in order to use tyres which have completed their lifespan, refuse-derived fuels (RDF), waste water treatment sludge and other waste types as energy input for its own production processes. Subsequently, it has also cooperated with local administrations and companies producing usable wastes to access sources of waste. The specially designed waste preparation and feeding system launched in Büyükçekmece Plant in the previous reporting period became a first on Turkey

2020 SUSTAINABILITY AMBITIONS		
Combatting the Climate Change		
Goal Definition	KPIs	Target 2020
Reduction of fossil fuel use	Rate of fuel substituted by waste (as thermal value	29%



Alternative Raw Material Use

Clinker, intermediate material of cement, also has the greatest share in the environmental impact of cement because it is subject to a carbon-intensive production process. It is possible to use alter - native raw materials with mineral content such as blast furnace slag, fly ash, marble wastes, foundry sand, iron filings, grid, pyrite ash. Among these, blast furnace slag, by directly substituting clinker, can significantly reduce environmental impacts of the cement while it also increases the quality of the finished-product with high durability it provides. Other alternative raw materials reduce environmental impacts as well by decreasing natural resource use.

Biodiversity

Cement production has the potential to create an impact on biodiversity for reasons such as land use,

operation of quarry areas, water consumption, waste, and noise. The fundamental principle that Akçansa adopts in its operations is to avoid any permanent negative impacts on biodiversity, which is of great significance for natural life and the society, and in fact to make positive contributions. This principle was emphasized through the inclusion of the issue of biodiversity within the scope of Sustainability Ambitions 2020.

The management of mine sites is subject to very extensive and strictly complied with legal regulations, primarily the Mining Law and Implementation Regulation. The operations of Akçansa at mine sites are carried out in line with the strategic objectives determined by the senior management, in compliance with legal regulations and the norms specified in license and permits. All licenses and permits are renewed within the periods specified by laws. The Executive Board and Sustainability Committee monitor developments in biodiversity, which

is also included among Sustainability Ambitions 2020, through performance indicators and periodic targets. The performance achieved in the issue of biodiversity, which also makes part of the corporate performance system, is also used for the evaluation of the individual performance of employees.

Biodiversity Project Competition – Quarry Life Award

“Quarry Life Award Biodiversity Project Competition”, organized by HeidelbergCement, of which we are a subsidiary, in countries where it operates and aimed at enhancing the biological values of quarry fields, was held in Turkey for the first time in 2014. Within the context of the competition, creative, distinctive and innovative projects produced by university students and research assistants for the reintroduction of fields and the natural wildlife to the nature subsequent to mining activities, contributing to the enhancement and development of biological diversity in these fields were collected.

Quarry Life Award Biodiversity Project Competition aims for the production of projects aspiring to increase the biological value of quarry fields by university students and for raising awareness among students in this regard.

Anti-Corruption

Akçansa adopts a transparent and accountable management understanding, fully complying with the laws. Within the framework of this management understanding, it aims to generate the highest value for its stakeholders and ensure corporate sustainability. In this regard, sustainability management and stakeholder engagement, which are structured with systematic methods, are supported with best practice examples and constantly improved.

Akçansa corporate governance structure was prepared in line with laws and international standards; and it involves the issues of internal auditing, risk management, quality systems, and business ethics.

Akçansa has Bribery and Anti-Corruption Policy.

Scope of this this policy;

- All Akçansa employees, including the Board of Directors of Akçansa,
- The persons and organizations (business partners who work on behalf of Akçansa such as supplier, consultants, lawyers, external auditors.



2020 SUSTAINABILITY AMBITIONS		
Combating the Climate Change		
Goal Definition	KPIs	Target 2020
Preparation of rehabilitation plans and their approval by public authorities	Rate of quarries with rehabilitation plan approved by public authorities	100%
Decommissioning of mine sites where the production is terminated	Areas rehabilitated (ha)	25.00



MEASUREMENT OF OUTCOMES

Our sustainability management focuses on 6 main areas. The UN ten principles are addressed within our sustainability management and our performance is constantly monitored.

Human Rights

OHS performance is followed by 2020 ambitions;

2017	
Accident Severity Rate	91,12
Lost Time Accident Frequency Rate	3,54

2017	
Occupational Health and Safety Training	12249 man/hour
Behavior-Focused Audits	3854
Hazard Notifications	27235
Field Audits	2897
Accident Frequency	3,27
Accident Severeness	67,08

SA-Ethics training has been completed by 512 people in 2017.

Labour

2017		
Direct Employment		1055
Female		70
Male		975
Field Audits		
Less Than 30		191
Between 30-50		810
Above 50		54
Senior Executives (number) by Age Groups		
18-25		0
26-35		0
36-45		3
46		4
Senior Executives (number) by Gender		
Female		0
Male		7
Total number of discrimination cases		0

Labour

Alternative Fuel Rate 2017	Büyükçekmece Fabrika -% 9,7 Çanakkale Fabrika - % 8,9 Ladik Fabrika - % 0,8 Akçansa - % 8,3
Alternative Raw Material Rate 2017	Akçansa % 1,8
Energy Efficiency Projects	10.300 GJ energy saving 2500 ton CO2 reduction
Biodiversity	As of the end of 2017; 18,56 Ha areas rehabilitated Approximately; 8000 trees/sapling

Anti-Corruption

Training on Combating Bribery and Corruption has been designed and 83 people have been trained.  
There was no corruption case in 2017

