

Winning the Future



SUSTAINABILITY REPORT 2019



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ENERGY IS THE FUTURE

Since our incorporation in 1998, we have been helping to provide energy to people across the Middle East, Central Asia, Africa and the Balkans. We work hard to have an outstanding performance to create a better and sustainable future in EPC Power Systems, electric power generation (IPP) and electricity and natural gas distribution. As one of the leading energy companies in the world, we have completed many successful and innovative projects and continue to make investments for a sustainable future.



ECO-FRIENDLY ENERGY SOLUTIONS

TO WIN THE FUTURE

As Çalık Enerji, we focus on renewable energy investments for a sustainable future for the world and our country. Therefore, we contribute to reduce carbon emissions and aim to contribute to the economy through the business and employment opportunities in green energy investments.

138 MW

TOTAL INSTALLED CAPACITY



SATISFACTION-ORIENTED SERVICES

TO WIN THE FUTURE

Through our company YEDAŞ, we provide electricity distribution services at international standards in rural areas, going beyond mountains and rivers, travelling for many kilometers. We offer high quality sustainable, customer satisfaction-oriented and continuous electric power distribution services in 5 cities of Turkey. We work on increasing customer satisfaction through utilization of new technologies.





4,810 GWH

YEDAŞ TOTAL REGIONAL CONSUMPTION

TECHNOLOGY AND EXPERTISE

TO WIN THE FUTURE

We keep growing by carrying our energy beyond limits. We have strong expertise in engineering, construction, procurement and logistics, which enables us to build turnkey power plants in Central Asia, Middle East and Africa. We contribute to the development of the countries and improving quality of life for their citizens.





20 years

TOTAL EPC EXPERIENCE

ABOUT THIS REPORT

Within the framework of its sustainability approach, Çalık Enerji A.Ş. aims to create balance and harmony between its three lines of business and deploys its corporate values and core sustainability principles in its business practices.

Çalık Enerji A.Ş. has prepared its first Sustainability Report, covering 2019 results and selected practices from earlier periods.

Çalık Enerji A.Ş. conducts its business activities in three fields. First field of business is renewable energy generation practices. Second field of business is electric power distribution and retail services through the subsidiaries of YEDAŞ, YEPAŞ, Aras, Aras EPSAŞ and KEDS as well as natural gas distribution services through the companies Bursagaz and Kayserigaz. Third field of business is turnkey electric power plant construction projects. Different dynamics and practices for each field of business are covered in the report and critical issues based on the characteristics of these fields are identified in the reporting process.

Within the framework of its sustainability approach, Çalık Enerji aims to create balance and harmony between its three lines of business and deploys its corporate values and core sustainability principles in its business practices.

This report was prepared based on GRI standards and SASB materiality criteria for the energy sector. The utilization of six capitals and the value-created in each area has been defined in line with an integrated thinking and reporting approach.

The report also shares information on how Çalık Enerji business activities contribute to the Sustainable Development Goals (SDGs) across governance, environmental, social and economic dimensions.

Since this is the first year of sustainability reporting, all required GRI standards have not been included in the final report. Measures will be taken to improve the data collection infrastructure and improve the quality of reporting in future years.

General information on the company and details on the core approach have been provided in the introduction section of the report. As part of the sustainability approach, the report provides information on governance, social, environmental and economic performance.

The Board of Directors played an active role in the development of the sustainability report by overseeing its progress through regular meetings and making recommendations.

This report covers all business activities of Çalık Enerji A.Ş. within and outside of Turkey.

Construct and contents of the Çalık Enerji Sustainability Report has been prepared by ARGE Consulting.





MESSAGE FROM THE CHAIRMAN

We are operating with a vision of ensuring sustainability of Çalık Enerji and the World through implementation of inclusive business practices.

Nowadays, we need to have a broad perspective for successful business conduct. Çalık Enerji's mission is to put all our energy into building a better future in our country and in different regions across the world. We are operating with a vision of ensuring sustainability of Çalık Enerji and the World through implementation of inclusive business practices based on our mission.

Sustainability is one of the most fundamental values of Çalık Enerji. We define sustainability as having a successful long-term business conduct while acting responsibly towards our environment and stakeholders. Our other values of fairness, being people-oriented, reputation, working from the heart, innovation and agility are closely related with sustainability. Considering our values,

Çalık Enerji has signed the UN Global Compact in 2019.

We have made commitment to comply 10 principles of UN Global Compact, which have been grouped under human rights, labor, environment and anticorruption. This international commitment is an important step to communicate our values internationally because all these ten principles are closely aligned to our values, corporate culture and strategic goals which have been implemented since the incorporation of the company.

We consider sustainability as a multi-dimensional concept, which focuses on value creation for all, while effecting different avenues of life. Sustainability approach enables value creation capability of organization in economic, social, environmental and governance perspectives. Çalık Enerji's first sustainability report has been prepared based on these principles.

We as Çalık Group companies would like to work with engaged and happy employees. We are working hard to be preferred employer through providing best working conditions in our facilities. We create local employment opportunities in the regions where we operate, and we conduct social responsibility projects to support development and quality of life of the local communities.

Our values and business approach is in alliance with 2030 Sustainable Development Goals (SDG), which have been endorsed by around 200 world leaders in 2015. Çalık Enerji supports "Affordable and Clean Energy" and "Climate Action" goals by renewable energy generation. We contribute dealing with climate change by clean energy generation both in Turkey and the world and access to electricity through our distribution and retail services.

2019 in Figures

1,095

Employees

Çalık Enerji has 1,095 employees as of the end of 2019.

TL 7.0 Billion

Total Assets

Çalık Enerji's total assets are valued at TL 7.0 billion as of the end of 2019.

Rank 54th

Fortune 500 Turkey's Top Companies List

Çalık Enerji ranked 54th on Turkey's Top Companies List 2019.

TL 3.6 Billion

Total Equity

Çalık Enerji's equity has reached to TL 3.6 billion as of the end of 2019.

Our turnkey energy generation plant construction projects provide solution to satisfy energy demand in different geographies. We support development, education and growth in economic activities of local communities, thereby improving their quality of life. Our projects contribute to SDG 11 of “Sustainable Cities.” Our activities support most of the Sustainable Development Goals.

It has been decided to align sustainability approach to our business strategy and to the processes of the company in 2020 by the Board in 2019. That decision is an important step to preserve sustainability of the company. We have accelerated our efforts through this goal from the beginning of 2020 with this perspective. We aim to align sustainability approach to our business conduct and help our employees to internalize the sustainability concept in Çalık Holding and its companies in 2020.

Under the motto of “leaving a better world to the future generations,” we need to show value created for all the stakeholders.



Our goal is to have a sustainable company. We would like place sustainability at the core of our business strategy, integrate it to our decision-making, and risk management processes to reach this goal. Accordingly, I wholeheartedly believe that all our employees will sincerely adopt sustainability culture and make it the basis of future achievements.

I want to thank all our stakeholders that have been working with Çalık Enerji since the day it's founded. Our success is an outcome of our cooperation with our stakeholders.

Chairman
AHMET ÇALIK

We support development, education and economic growth in economic activities of local communities, thereby increasing improving their quality of life.

MESSAGE FROM THE CEO

We contribute to reducing both Turkey's and the world's carbon emissions through renewable energy generation and we have prevented emission of more than 167 thousand tons of carbon to the atmosphere in 2019.

Esteemed Stakeholders,

Çalık Enerji creates value for its all stakeholders in Turkey and abroad for more than 20 years.

WE INVEST RENEWABLE ENERGY GENERATION FACILITIES FOR A CLEAN FUTURE.

Energy sector goes through significant changes for a sustainable future. Electricity generation capacity is projected to be doubled in the next 30 years. The share of renewable energy generation is expected to increase gradually during this period. New business models emerge as the renewable energy generation gains momentum. Corporations need to prepare themselves for these changes.

Çalık Enerji is one of the companies that play a prominent role in this transformation process. Our energy generation activities are in Turkey. All power plants generate electricity from renewable resources. We have 8 Solar Power Plants, 2 Wind Power Plants and 1 Hydroelectric Power Plant in operation. Our most important priority was to protect and cause no harm to the environment during construction process.

We contribute to reduce both Turkey's and the world's carbon emissions through renewable energy generation. We have prevented emission of more than 167 thousand tons of carbon to the atmosphere as of 2019, which shows our support to the realization of Sustainability Development Goals (SDGs). Our operations of energy generation contribute to SDG 7 Affordable and Clean Energy as well as SDG 13 Climate Action goals.

We value stakeholder engagement and communication with local communities to understand their needs, expectations and concerns. We develop solutions for their problems and to meet their needs in participatory manner during construction and the operation phase. Stakeholder engagement is critical for us to understand the issues of the local communities, which enables us to have good relations with local communities and to reply these issues in collective and value-creating manner.

2019 in Figures

TL 4.2 Billion

Net Sales

Net sales of Çalık Enerji in 2019 is TL 4.2 billion.

TL 1.4 Billion

EBITDA

EBITDA of Çalık Enerji is TL 1.4 billion as of the end of 2019.

33%

EBITDA Margin

Continuing its successful performance in 2019, Çalık Enerji has an EBITDA margin of is 33%.

1,574 MW

Mary-3 Project

Production capacity of the Mary-3 Project completed in Turkmenistan is 1,574 MW

WE FOCUS ON CUSTOMER SATISFACTION, EFFICIENCY OF THE OPERATIONS AND ENERGY EFFICIENCY IN DISTRIBUTION AND RETAIL OPERATIONS

We have subsidiaries that perform distribution and retail operations. These two services need to be separately performed according to Turkish Regulations. Two of these subsidiaries are YEDAŞ and YEPAŞ. We focus on maximizing customer satisfaction, making investments to the distribution network to minimize energy loss, regular maintenance of electric distribution lines especially in forest to eliminate the risk of forest fires, treatment and disposal of hazardous waste from the operations.

Social responsibility is important to create awareness and to develop the communities in the areas of operations. "Energy Team" is an awareness raising project on energy efficiency for primary school students. This project has been performed throughout the academic year. Energy efficiency is one of the most important concepts in terms of dealing with climate change. This project helps us to create awareness on importance of energy efficiency from early ages. When children's awareness are improved that will also improve the awareness and behavior of their families.

WE CONTRIBUTE TO IMPROVE THE QUALITY OF LIFE IN THE REGIONS WHERE WE CARRY OUT EPC PROJECTS THROUGH LOCAL EMPLOYMENT OPPORTUNITIES AND COMMUNITY INVESTMENTS.

Turnkey power plant construction is a field of business where we have a significant expertise. New York based "Engineering News Record" magazine, which is considered as one of the world's most prestigious organizations in the fields of contracting and engineering, has awarded our company the "Best Global Project" award under the "Industrial Projects" category for our Al-Khairat Power Plant Project in Karbala region, Iraq. The award is deemed as the "Oscar" of contracting and engineering business.



We have completed a large number of projects in the Central Asia, Middle East and Africa. We have ongoing projects in the same region. We have a strong reputation due to performance of our projects in the region. The countries of operations are in the regions where energy demand will be increasing fast in the near future which will trigger demand for new energy generation facilities. Our reputation will help to reach new business opportunities.

Our projects directly contribute to development and to economic growth, to increase business and employment opportunities of the countries and improvement of the quality of life. We help to form an infrastructure to realize Sustainable Development Goals.

"Engineering News Record" has given our Al-Khairat Power Plant Project in Karbala region, Iraq the "Best Global Project" award under the "Industrial Projects" category.

MESSAGE FROM THE CEO

Our Malawi Hydroelectric Power Plant Project has been awarded the “Our Energy is Our Future Social Responsibility Award” by the Turkish Ministry of Energy and Natural Resources.

Malawi Hydroelectric Power Plant Project is an important example of engagement with the local communities. We have realized that the local communities did not have access to clean water sources during the construction of hydro power plant. We have decided to drill water well for access to the clean water, which would improve the quality of life of the people in the region. Well solved clean water problem of the local community. It also encouraged local people to start agriculture, which would increase economic activities and would improve welfare in the region. This project has been awarded the “Our Energy is Our Future Social Responsibility Award” by the Turkish Ministry of Energy and Natural Resources.

Our top priority is occupational health and safety in all our operations, which is necessary for a successful business conduct. While we are working continuously to improve our practices in this regard, we carry out necessary control and reporting activities to have the discipline in all regions of operation.

We value stakeholder engagement and try to form relationships based on trust, cooperation and two way communication. We prefer to utilize local employment as much as possible. We contribute to the training of local personnel. Therefore, we support improvement of the skills of the labor force of the project country. We continuously engage with local communities to understand their needs and develop solutions to the problems in participatory manner.

All these efforts have led to a successful year in 2019. We created value for all our stakeholders. We had a company turnover of TL 4,240 million, profit of TL 1,119 million and EBITDA of TL 1,338 million. We are planning to work successfully in 2020. I wholeheartedly believe that we will be successful in our ongoing projects and make new achievements, wherever we carry out our projects.

We have taken our sustainability approach to the next level by signing the United Nations Global Compact in 2019. Over the course of this journey we will keep improving ourselves in terms of the efforts we have described in this report.

I would like to congratulate our employees for their success and devoted work. I also thank to our shareholders for their support and trust to us.

Çalık Enerji CEO
ONUR YÜCEKAL





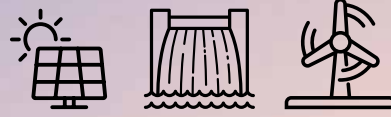
WHO WE ARE

Çalık Enerji continues its business activities as part of Çalık Holding since 1998. Çalık Enerji, since its establishment, has been one of the world's leading energy companies by providing the energy of the nature to people through successful projects conducted across a wide area encompassing the Middle East, Central Asia, Africa and the Balkans in order to create a better and sustainable future.

MAIN FIELDS OF BUSINESS OF ÇALIK ENERJİ:



EPC Power Systems



Power Generation (IPP)



Distribution and Retail Services

OUR MISSION

Building a better future for our country and many different regions in the world together with our employees by putting all our energy into our work.

OUR VISION

Becoming the most commercially successful and preferred energy company in the target countries.

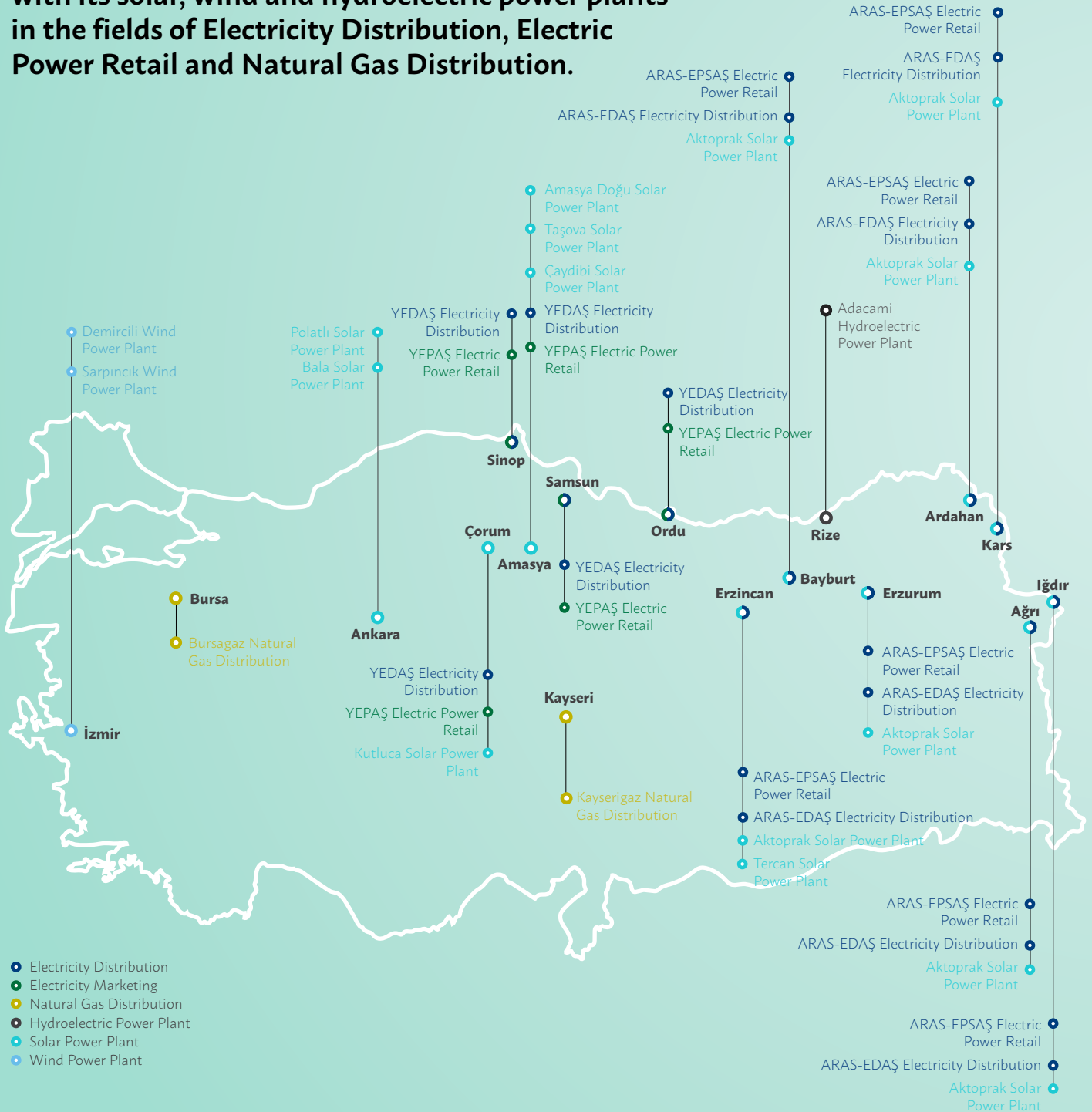
CORPORATE VALUES



WHO WE ARE

Çalık Enerji in Turkey...

Çalık Enerji keeps offering services across Turkey with its solar, wind and hydroelectric power plants in the fields of Electricity Distribution, Electric Power Retail and Natural Gas Distribution.



Çalık Enerji in the World...



WHO WE ARE

Fields of Activity

Çalık Enerji carries out EPC projects in a wide area including Turkmenistan, Uzbekistan, Georgia, Iraq, Yemen, Libya and Malawi.



EPC – ENGINEERING, PROCUREMENT AND CONSTRUCTION:

Çalık Enerji has 20 years of experience in establishing turnkey power plants.

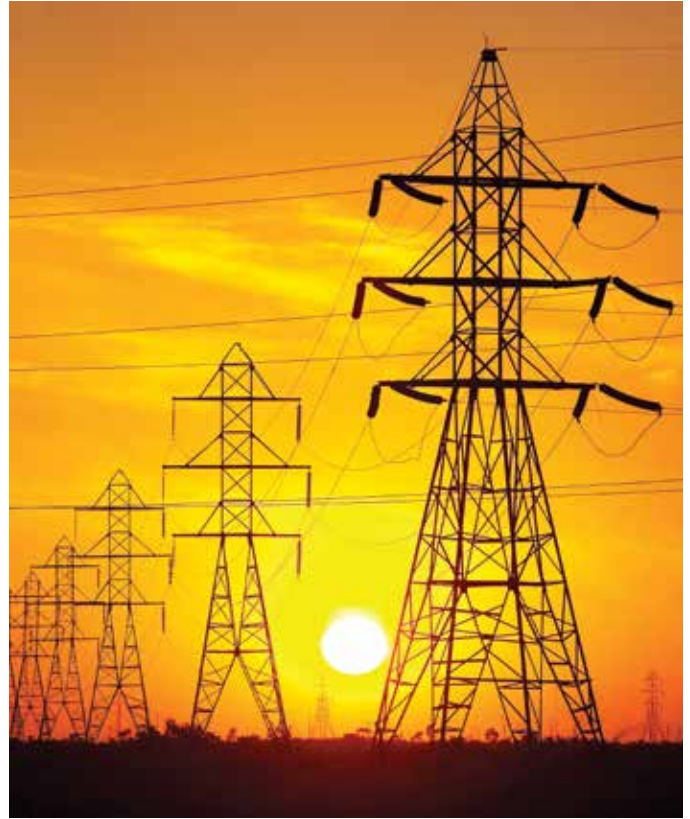
Çalık Enerji's engineering, construction, supply and logistics skills are developed throughout its 20 years of experience.

Çalık Enerji carries out following projects in the field of EPC Works:

- Combined and Simple Cycle Power Plants,
- Renewable Energy Plants,
- Thermal Power Plants,
- Pumping Stations,
- Compressor Stations,
- Switchyards,
- Oil and Gas Plants,
- High Voltage Transmission Lines.

The world's foremost companies, namely General Electric (GE), Mitsubishi and Honeywell are business partners of Çalık Enerji in EPC projects. These partnerships have greatly contributed to development of the EPC capacity as well as organizational structure of our company.

Çalık Enerji carries out EPC projects in a wide area including Turkmenistan, Uzbekistan, Georgia, Iraq, Yemen, Libya and Malawi. These countries are either developing or underdeveloped countries. Therefore, these projects are of key importance in terms of meeting energy demand in these countries. These projects are completed successfully at the standards required by the employer countries.



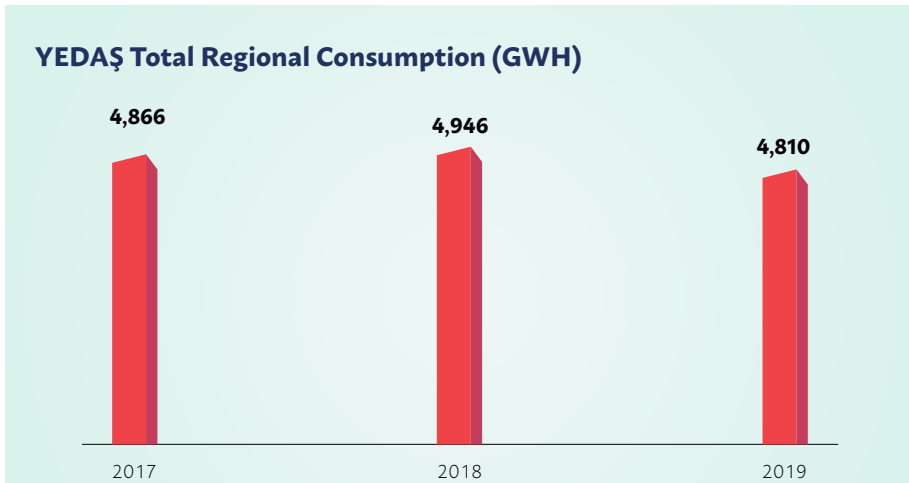
ELECTRICITY GENERATION:

Electricity generation works are carried out in Turkey. Çalık Enerji uses only renewable energy resources to meet the energy need of the country. Our current power plants in operation are solar, wind and hydroelectric power plants. Our portfolio includes 8 solar power plants, 1 hydroelectric power plant and 2 wind power plants. Total installed power of Çalık Enerji is 138 MW.

ELECTRICITY DISTRIBUTION AND RETAIL:

Çalık Enerji manages electric power distribution and retail services through its subsidiaries YEDAŞ, YEPAŞ, Aras, Aras EPSAŞ and KEDS as well as natural gas distribution services through the companies Bursagaz and Kayserigaz. Quality, leadership and sustainability are the main goals in all business processes in line with the vision for corporate and operational perfection in distribution and retail activities.

YEDAŞ has “ISO 9001 Quality Management System,” “ISO 27001 Information Security Management System,” “ISO 10002 International Customer Satisfaction Standard,” “ISO 14001 Environmental Management System” and “OHSAS 18001 Occupational Health and Safety Management System” quality certifications.



Total regional consumption of YEDAŞ in 2019 is 4,810 GWH.

STRATEGY AND VALUE CREATION MODEL

Aiming to implement sustainability approach in all project regions and fields of activity, Çalık Enerji has signed the United Nations Global Compact in 2019.

Çalık Enerji developed its business model and strategy based on the market conditions as well as its competencies in all fields of activity.

Aiming to implement sustainability approach in all project regions and fields of activity, Çalık Enerji has signed the United Nations Global Compact in 2019. Çalık Enerji aims to align its strategies with development steps and evaluate and improve its performance. The first Sustainability Report prepared this year not only exhibits the current situation but also contributes to identification of areas of development.

ELECTRICITY GENERATION EFFORTS

It is estimated that Turkey's energy demand will be 385 TWh, based on the growth target stipulated for 2023. Turkey's energy policy aims to reduce dependence on foreign resources until 2023. Within this scope, share of renewable energy resources on the total electricity generation is expected to increase by 2023.

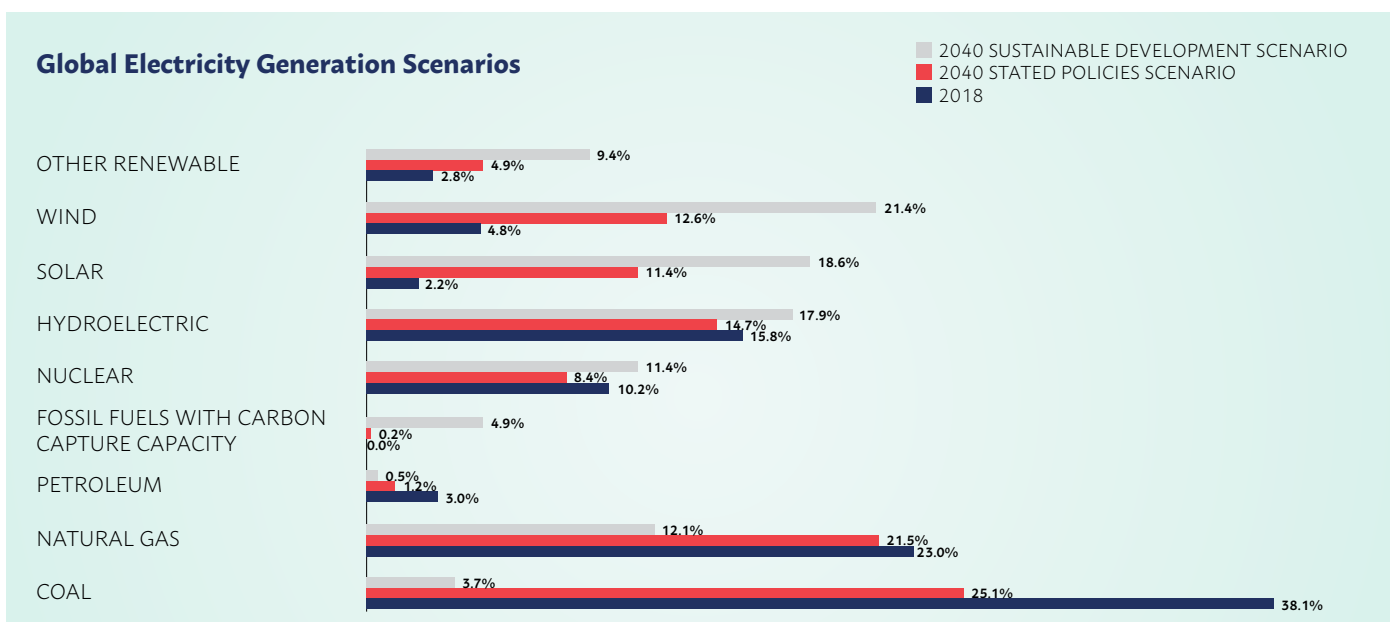
International Energy Agency's outlook on the electricity demand shows that:

- Electric vehicles will become more popular,

- Electricity demand will increase in production, service industry and households due to increase in demands as a result of growth of the middle class.

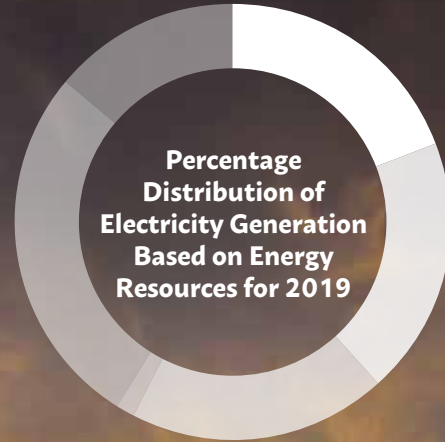
The share of renewable energy is projected to increase in both scenarios that are developed to meet increasing demand. The main driver of this approach is the goal of reducing carbon emissions in order to achieve the 1.5 °C scenario, set forth in 2015 Paris Agreement.

Even in the 2040 Stated Policies Scenario, renewable energy's share (except nuclear energy) increases from 25.6% in 2018 to 43.7%.



According to April 2020 statistics published by the Ministry of Energy and Natural Resources, percentage distribution of Turkey's installed power is as follows.

According to the statistics published by TEİAŞ, percentage distribution of electricity generation based on energy resources is as follows.



Hydroelectric	31.4%
Natural Gas	28.6%
Coal	22.4%
Wind	8.5%
Solar	6.7%
Geothermal	1.7%
Other	1.6%

Hard Coal + Import Coal + Asphaltite	21.7%
Lignite	15.41%
Fuel Oil	0.24%
Natural Gas + LNG	18.64%
Renewable + Waste	1.49%
Hydro	29.21%
Geothermal + Wind + Solar	13.24%

385 TWh

Turkey's Electricity Demand Outlook for 2023

43.7%

Turkey's Renewable Energy Share Target for 2040

31.4%

Turkey's Hydroelectric Power Share in Electricity Generation for 2019

28.6%

Turkey's Natural Gas Share in Electricity Generation for 2019

According to the chart above, 29.21% of electricity is generated by hydroelectric power plants and 13.24% by geothermal, solar and wind power plants.

STRATEGY AND VALUE CREATION MODEL

Çalık Enerji aims to contribute to the reduction of carbon emissions in our country through renewable energy investments and to create employment opportunities in green energy generation.

Çalık Enerji has focused its portfolio on renewable energy investments in response to increased demand for local energy generation in our country as well as the global trend for increasing the share of renewables to decrease carbon emissions. Çalık Enerji currently generates electricity only from renewable investments including hydroelectric, solar and wind power plants. Our country has a significant capacity in terms of renewable energy and is expected to meet its ever-growing energy need through increasing its local energy generation capacity through renewables.

Sustainability is one of the core values of Çalık Enerji. We deploy our core value of sustainability through our renewable energy investments. By investing in renewables, Çalık Enerji aims to contribute to the reduction of carbon emissions in our country and to create employment opportunities in green energy generation.

ELECTRICITY DISTRIBUTION AND RETAIL ACTIVITIES

Çalık Enerji manages electric power distribution and retail services through its subsidiaries YEDAŞ, YEPAŞ, Aras, Aras EPSAŞ and KEDS as well as natural gas distribution services through the companies Bursagaz and Kayserigaz. Quality, leadership and sustainability are the main goals in all business processes in line with the vision to corporate and operational excellence in distribution and retail activities.

For this purpose, our company deploys new technologies in order to realize business processes in an efficient and safe manner. We aim to act in accordance with this policy throughout the licensing period.

Efficiency and continuous improvement in business processes are also crucial for customer satisfaction and service quality.

EPC ACTIVITIES

Çalık Enerji's main target market for EPC projects are developing countries. The first EPC projects were completed in Central Asia, and expanded to Middle Eastern and African markets after gaining experience in the field.

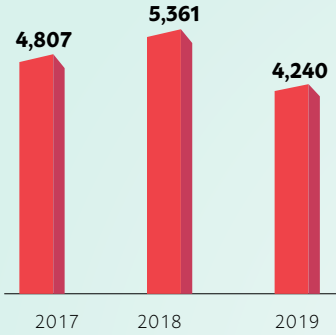
Çalık Enerji completed all of its projects in challenging regions such as Libya while maintaining the highest security and safety standards. Market projections for 2019-2023 show that demand for EPC investments will continue to increase in the Central Asia, Middle East and Africa. The growth rate estimated for the Sub-Saharan Africa projects is around 6% annually in the given period. By continuing its investments in these regions, Çalık Enerji aims to contribute to the development of these countries and the living standards of its citizens. Çalık Enerji also plans to continue its diversification strategy through investments in the Eastern European region.

As it expands its footprint through EPC projects, Çalık Enerji is aware that its approach to sustainability is one of the key factors that will affect its way of doing business. Çalık Enerji aims to integrate its sustainability approach into its business processes and increase deployment of sustainability practices across different geographies.

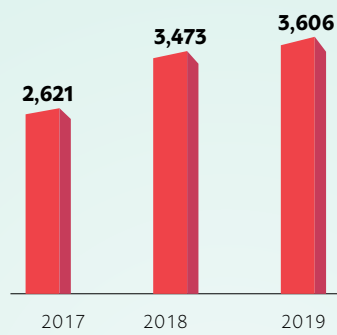
Financial Data

TL MILLION	2017	2018	2019
NET SALES	4,807	5,361	4,240
TOTAL EQUITY	2,621	3,473	3,606
TOTAL ASSETS	7,062	7,278	7,037
EBITDA	1,470	1,442	1,388
EBITDA MARGIN %	31	27	33

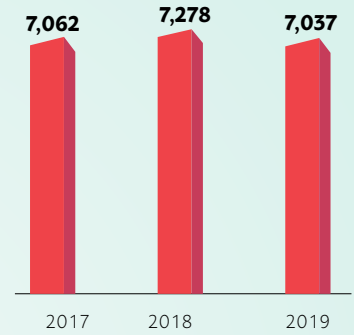
Net Sales (TL Million)



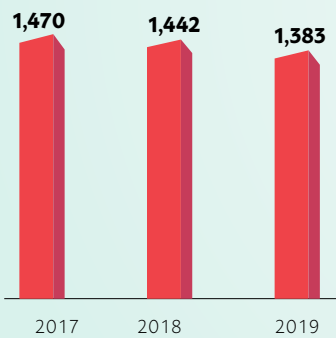
Total Equity (TL Million)



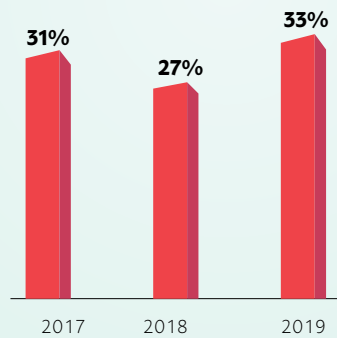
Total Assets (TL Million)



EBITDA (TL Million)

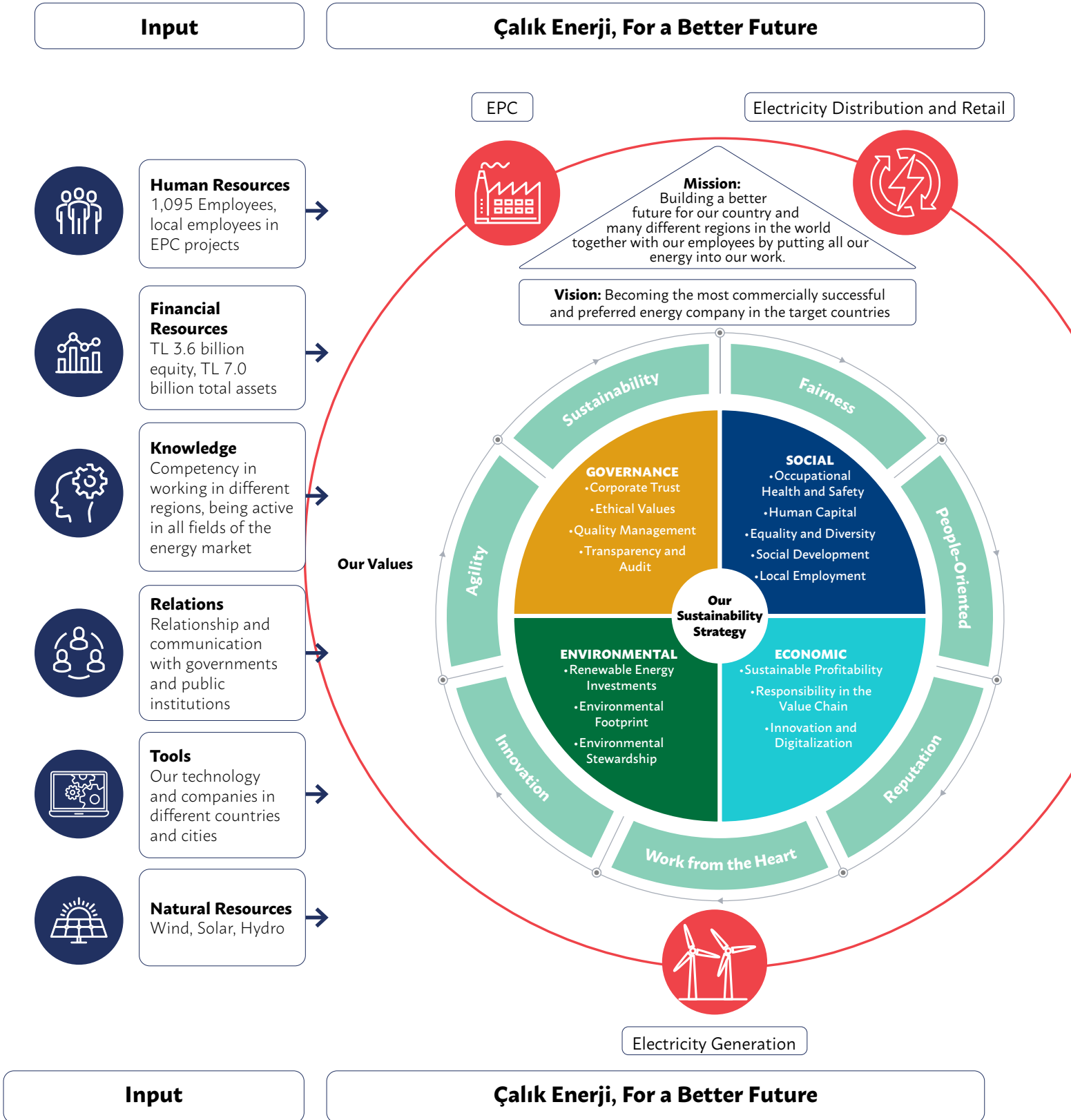


EBITDA MARGIN



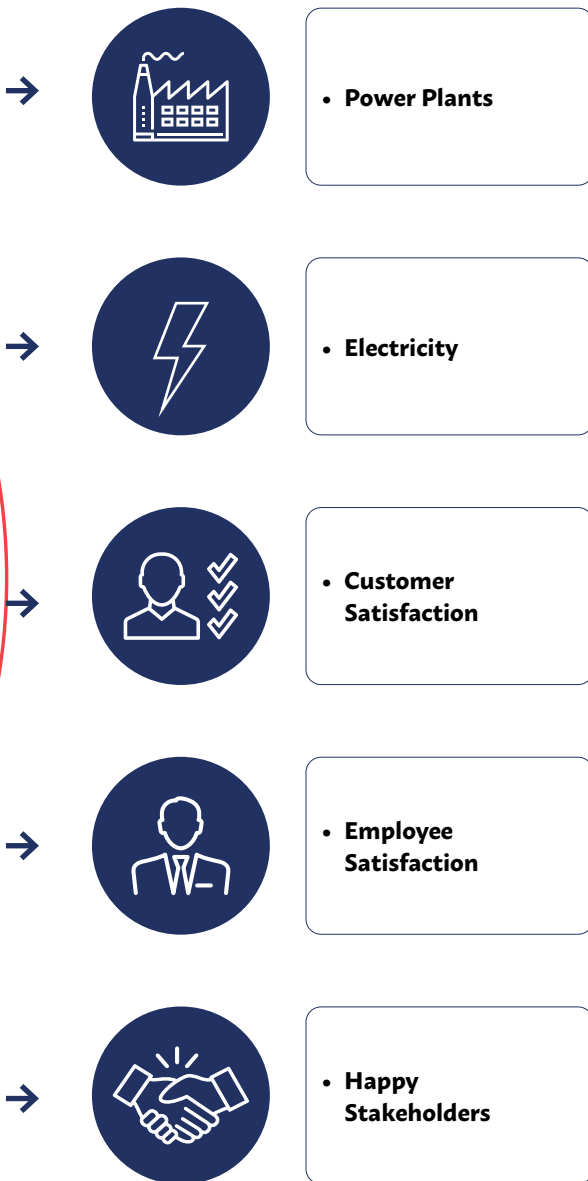
STRATEGY AND VALUE CREATION MODEL

Value Creation Model



Output

Values Created



Output

Values Created

SUSTAINABILITY JOURNEY

Çalık Enerji has constructed its sustainability approach with contributions from the Senior Management and Sustainability Ambassadors.

Sustainability has been one of our core values and part of our way of doing business since our foundation. In 2019, we institutionalized our commitment to sustainability by signing the UN Global Compact (UNGC) and committing to its 10 principles. We are publishing our first sustainability report in 2020.

In 2020, we aspire to integrate our sustainability approach with our core strategy and continue to work on linking our activities with the UN Sustainable Development Goals.

GRI G4 standards and SASB energy sector materiality topics were examined vis-à-vis the existing data infrastructure and the report was prepared based on available data. Starting in 2020, we will be improving our data collection infrastructure and start working towards creating a more comprehensive database to measure and report on our sustainability impact. When preparing our 2019 sustainability report, we were inspired by the Integrated Reporting approach towards capitals. We identified the resources used as well as the value created across each of the capitals to give a more accurate and comprehensive view of our sustainability impact.

We also aim to strengthen our sustainability governance structure in 2020. This year, we constructed our sustainability approach with participation from our senior management and Sustainability Ambassadors. We adopted the principle of transparency, identified materiality topics and reported on material topics. Next year, we plan to continue to increase awareness among employees and integrate of sustainability practices into our processes and culture. We also plan to ensure the participation of external stakeholders in identifying our material sustainability topics.

We aim utilize our sustainability approach to systematically improve our strong partnerships and stakeholder relationships, creating synergies in communication, sharing and development stages for our business partners and all parties in our ecosystem.





SUSTAINABILITY JOURNEY

Risks and opportunities related to sustainability for Çalık Enerji have been identified based on their impacts on the stakeholders, business and industry with a long-term perspective in the materiality analysis process.

MATERIALITY

Materiality analysis has been conducted as an approach to identify primary sustainability issues related to company strategy and business processes, to understand opportunities and to manage risks.

Opportunities and risks for Çalık Enerji have been determined by the materiality assessment. Çalık Enerji materiality assessment has been conducted with participation of sustainability ambassadors from each department of the company. Senior management has reviewed this initial work. Opportunities and risks for Çalık Enerji have been

identified by assessing the potential impacts on stakeholders with a long-term perspective.

As Çalık Enerji has 3 fields of operation, materiality assessment has been conducted for each field separately and then the results are consolidated in order to clarify key points for the company.

■ Low materiality and priority ■ Medium materiality and priority ■ High materiality and priority

Risks/Opportunities		EPC	Renewable	Distribution
Governance	Reputation/corporate trust	High	Medium	High
	Risk management system (Financial and operational)	Low	Medium	Low
	Decision making mechanism and delegation	Low	Low	Low
Environmental	Water management	High	High	Medium
	Biodiversity	Low	High	Medium
	Climate change	Medium	High	Medium
	Air quality	Medium	Medium	Medium
	Natural disasters (Precautions)	Medium	Medium	Medium
Social	Occupational health and safety	High	High	High
	Employee - local people interaction (Local people perception, creating value)	Medium	High	High
	Competent human resources (Local/outsource)	Medium	Low	Low
	Engineering capability (In-company competence)	Medium	Low	Low
	Customer satisfaction	High	Medium	High
Economic	Failure to attract human resources due to regional conditions	Low	Medium	Medium
	Country risk/political risk	Low	Medium	Medium
	Project management	High	Medium	Low
	Legislative amendments	Medium	High	High
	Sustainable profitability	High	High	High
	Suppliers/sub-contractors/logistics	Medium	High	High
	Digitalization, technological advancement, innovation	Low	Low	Low
	Access to finance	Medium	High	High



SUSTAINABILITY JOURNEY

EPC Materiality Topics

Sustainability of Çalık Enerji is important for its employees, geographies and local communities.

OCCUPATIONAL HEALTH AND SAFETY:

The most important priority in power plant construction projects is the occupational health and safety. Construction sites are high-risk areas due to the nature of the work performed. It is crucial to ensure the compliance of employees to the rules, which would enable safe working environment and helps Company to achieve zero-accident goal. Occupational health and safety is important for safety of our employees, which is the most important aspect for us and for elimination of the risk of business interruption or loss of time due to an accident.

CUSTOMER SATISFACTION:

Çalık Enerji's business continuity and ability to undertake other EPC projects depend on ensuring customer satisfaction. For this reason, it is important for our company to complete projects on time, in compliance with national standards and in good relations with local communities while protecting the environment and contributing to the local economy.

SUSTAINABLE PROFITABILITY:

The Company's sustainability can only be possible by being profitable. Sustainable profitability can be achieved by having an effective planning processes, participating tenders that are in line with company's profitability expectations, effective and efficient planning after the award of the project and utilization of right resources at the right time. We have a strong in-house planning capability to manage this risk.

REPUTATION/CORPORATE TRUST:

Corporate trust is important for business continuity. The company must have strong relations with its internal and external stakeholders. The company needs to have trust-based relationships with employees, employers, its supply chain and social groups, shareholders for the sustainability of the business. Trust-based relationships can be established by understanding each other's needs, expectations and concerns with two-sided communication and deploying participatory solution development processes with stakeholders.

PROJECT MANAGEMENT:

Profitability of a project depends on effective planning and management of it. Projects can be completed in timely and in line with its budget if it has effective resource planning and has effective implementation project plan and processes. Continuity of sustainable profitability can be achieved by completing projects in timely manner with required standards and being in line with estimated budgets. We have a strong in-house planning capability to manage this risk.

PREVENTING AIR POLLUTION:

Construction processes cause air pollution due to demolition and excavation works as well as concrete plants. Air pollution has negative impacts on the health and quality of lives of employees and local communities. We take necessary measures to prevent air pollution to eliminate hazardous effects and to improve quality of life of people.

WATER MANAGEMENT:

We are very careful in using water in EPC projects. Water is an essential resource for construction projects. However, we are aware that water is a communal resource in the regions of operations. Some regions of operations experience water shortages while some others do not. Çalık Enerji always pays utmost attention to water efficiency in its projects.



SUSTAINABILITY JOURNEY

Energy Generation Materiality Topics

Çalık Enerji has been financing all of its solar and wind power plant investments with its own resources.

WATER MANAGEMENT:

Water management in renewable energy investments, especially in hydroelectric power plants, is crucial. Water management is as important for the company as it is for the local communities who live and perform farming activities around the hydroelectric power plants. Supplying enough water to meet the needs of local people and natural life in the rivers is a requirement to comply with our corporate values.

BIODIVERSITY:

Biodiversity is essential for sustainable future of the world. Ecosystem services provide necessary resources for a successful business conduct. We should protect biodiversity for sustainability of the business. We pay utmost attention to protect biodiversity at construction and operation phases of power plants (hydroelectric, solar and wind).

CLIMATE CHANGE:

Climate change is one of the most important problems world facing nowadays. Climate change affects renewable energy generation activities. Amount of rainfall, rain frequency, timing and drought are key factors that effect of the efficiency and safety of the hydroelectric power plants., Seasonal wind fluctuations and differences in the sunlight intensity due to climate change affect our solar and wind power plants' efficiency.

OCCUPATIONAL HEALTH AND SAFETY:

As described in the previous section, occupational health and safety is the most important priority of construction processes. However, occupational health and safety is also important for operational phase processes of power plants as well. Compliance to the occupational health and safety guidelines is essential to eliminate accident risks. Regular trainings and learning from the experiences enables us to minimize risks in operational and maintenance processes.

INTERACTIONS WITH LOCAL PEOPLE:

We must have transparent and trust-based relationship with the local communities during the construction to the operation phases. Stakeholder engagement enables us to understand needs, expectations, demand and concerns of stakeholders. Trust based relationship ensures to have two ways communication and participation of all parties in solution development processes. Decision has been made in mutual agreement, which ease the implementation of them.

SUSTAINABLE PROFITABILITY:

A detailed feasibility analysis needs to be conducted before applying to an energy generation project license to understand the profitability and pay back capability of the project. The company has expertise on these processes. We are aware that if continuous profitability has been achieved company would not be able to satisfy the needs of its stakeholders.

REGULATION:

Energy generation is high-regulated business. Any amendments and changes in the legislations affect the operations, profitability and future investments of the company.

ACCESS TO FINANCE:

Energy investments need important amount of financing. Çalık Enerji has been financing all its solar and wind power plant investments from its own resources so far. Our hydroelectric power plant and electricity distribution company investments utilized external financing. The company maintains strong relations with financial institutions to be able reach finance when it is needed.



SUSTAINABILITY JOURNEY

Distribution and Retail Materiality Topics

Çalık Enerji has strong relations with its stakeholders who allow them to communicate their need, expectations and demand transparently. Strong communication enables the development of collective solutions that enable an efficient and effective business environment.

OCCUPATIONAL HEALTH AND SAFETY:

Occupational health and safety is the most important priority in distribution and retail business. Distribution and retail processes are labor-intensive processes like maintenance and repair services, transportation, working at high altitude and reading meters. All these processes have various occupational health and safety risks. We have continuous training and audit process to ensure the compliance to the guidelines to minimize the risks.

CUSTOMER SATISFACTION:

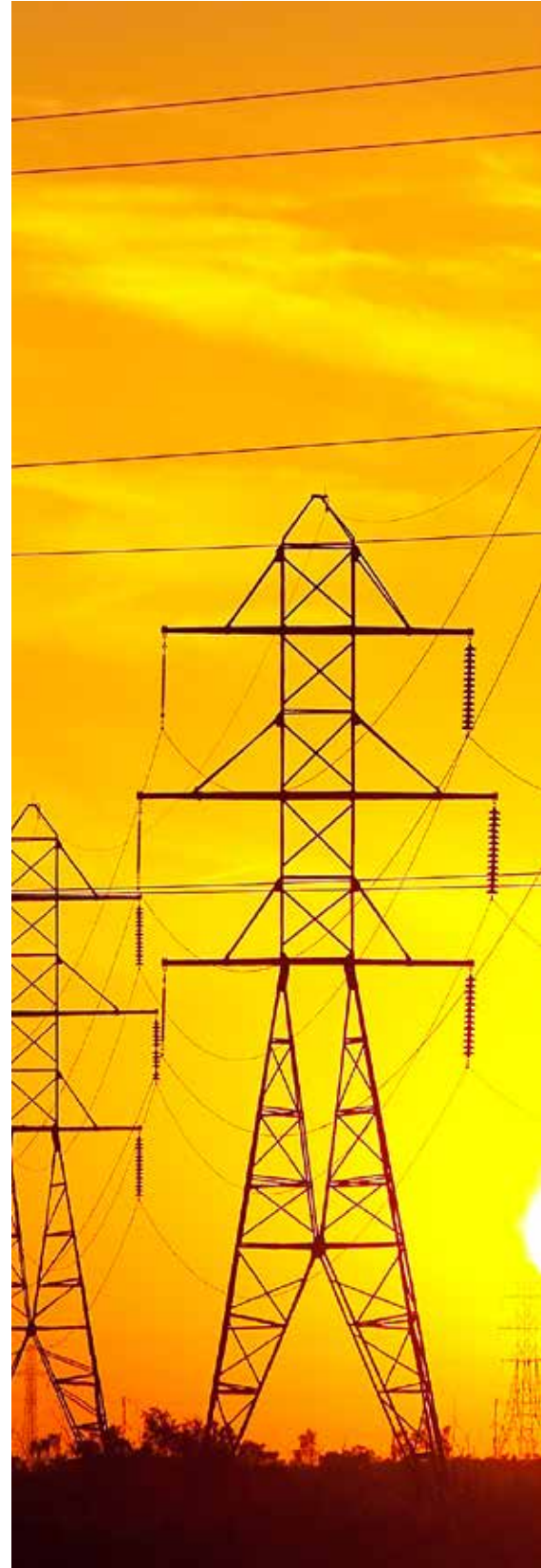
Customer satisfaction is key for success in distribution and retail business. Customer satisfaction affects corporate reputation and ensures business continuity. Inefficiencies and disputes affect the relations negatively. We have processes to monitor customer satisfaction level in regular manner.

REGULATIONS:

Distribution and retail is high-regulated business. Any amendments and changes in the legislations affect the operations, profitability and future investments of the company.

REPUTATION/TRUST TO THE COMPANY:

Trust to the company could be achieved through transparent and two-way communication with stakeholders. Good reputation allows stakeholders to communicate their issues transparently. Such a relationship ensures collaborative solution development and efficient and effective business environment.



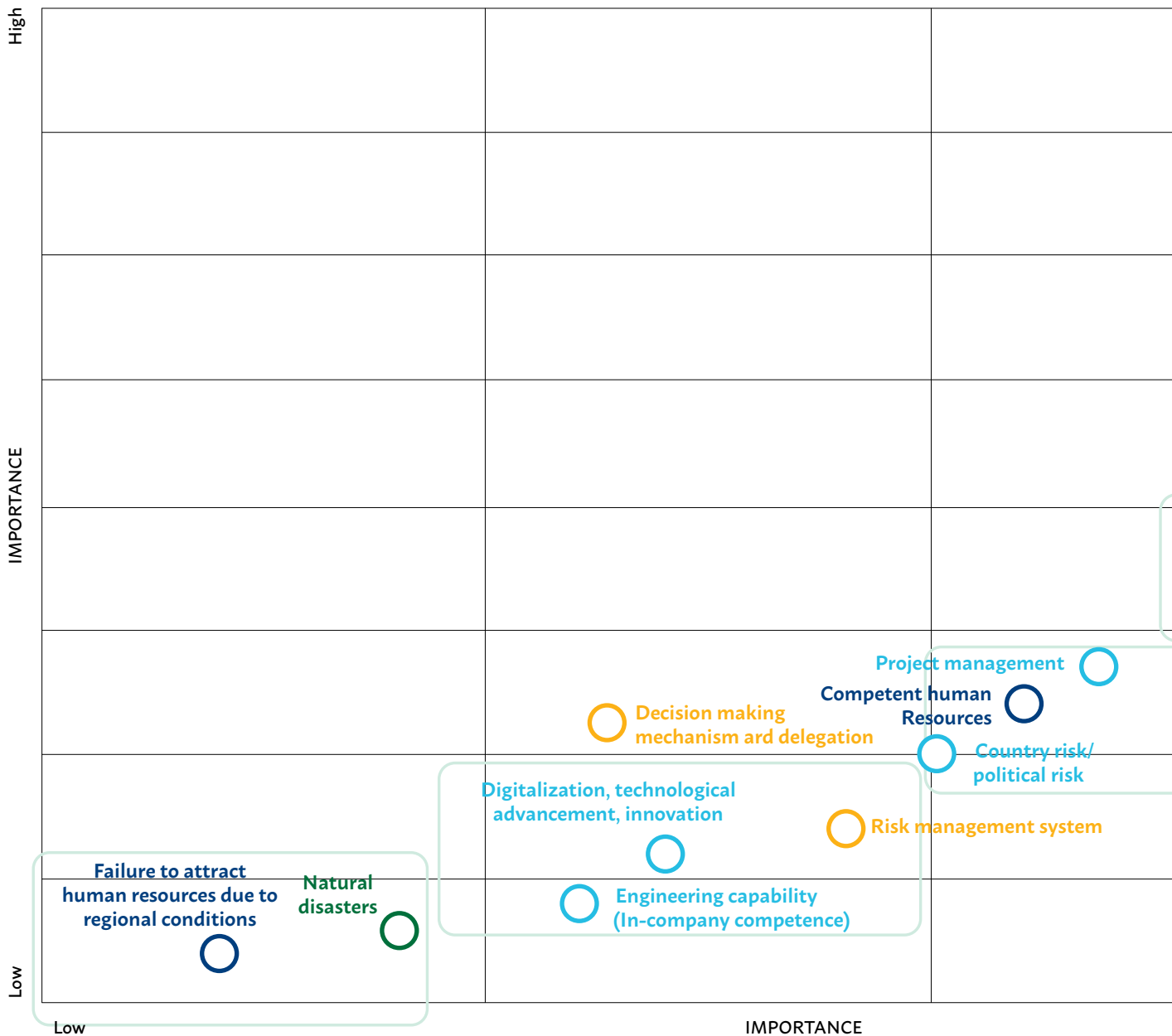


SUSTAINABILITY JOURNEY

Consolidated material issues for Çalık Enerji

Çalık Enerji allocates its resources based on materiality analysis. Material issues have been identified in a participative manner. Integrated thinking approach has been implemented in determining topics that are material to the company.

Materiality Matrix

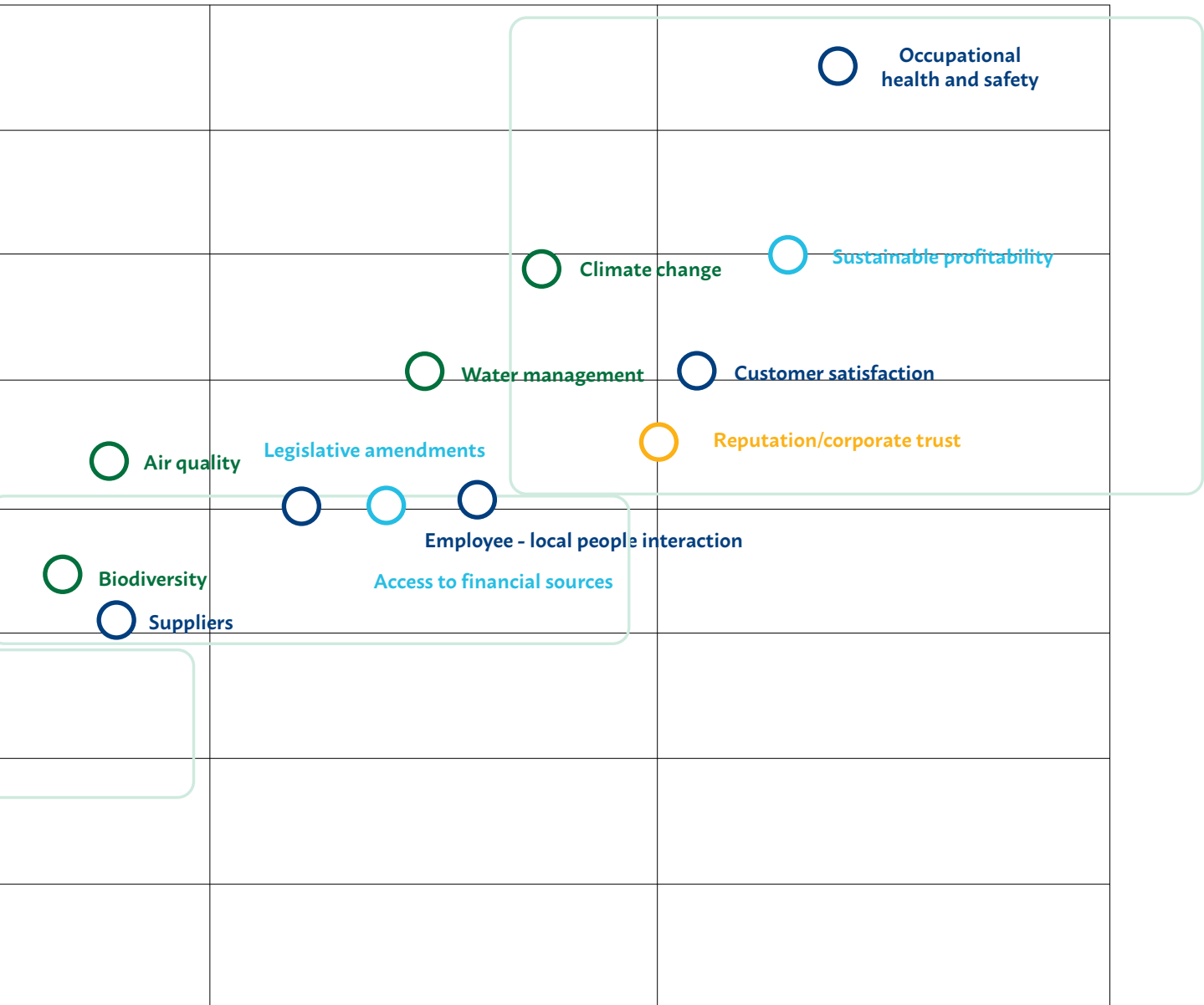


GOVERNANCE

SOCIAL

ENVIRONMENTAL

ECONOMIC



HIGH

SUSTAINABILITY JOURNEY

Consolidated material Issues for Çalık Enerji

Occupational health and safety, sustainable profitability, customer satisfaction and corporate reputation are determined as the top materiality issues for Çalık Enerji.

OCCUPATIONAL HEALTH AND SAFETY:

Occupational health and safety is the most material issue in all lines of businesses. Safety of our employees is has the highest priority. We spend maximum effort to achieve zero accident targets through regular trainings and audits to ensure compliance to the guidelines.

SUSTAINABLE PROFITABILITY:

Profitability is key to sustainability of the company and it enables us to create value for all stakeholders. We could continue to operate, create new job opportunities and contribute to the stakeholders if our projects are profitable.

CUSTOMER SATISFACTION:

Sustainable profitability could be achieved through high customer satisfaction, which is key for business continuity. Customer satisfaction enables us to reach new business opportunities.

REPUTATION/TRUST TO THE COMPANY:

Trust to the company which is the prerequisite of reputation, can be achieved by having good and two-way communications with the stakeholder. Trust to the company strengthen the relationship with stakeholders who could communicate its needs, expectations

and demand more openly and as a result parties could develop solutions collectively. Çalık Enerji keeps trust based strong relations with its stakeholders and engages them continuously and work hard to develop satisfactory solutions to the issues raised by stakeholders. Çalık Enerji is aware that having good reputation ensures new business opportunities in the regions of operations and in new geographies. Çalık Enerji spends maximum effort to have constructive relationships with governments, customers, contractors, private sector, supply chain members, employees and local communities in all geographies of operations.

INTERACTIONS WITH LOCAL COMMUNITIES:

Çalık Enerji performs a number of projects in different regions. The company interacts with local communities in each region of operation. We pay utmost attention to respect local values, customs and traditions of people in these interactions. We train our employees about these facts and monitor the relations so that we could find quick solutions to the problems. Relations with local communities are important for business continuity, efficiency and profitability of the company.

REGULATIONS:

Energy generation, distribution and retail activities are regulated business sectors. Regulations affect profitability of the projects and operational responsibilities of the company. Relations with public sectors have been conducted through business associations and views of our company have been communicated through this channel.

WATER MANAGEMENT:

Water is important for hydroelectric power plants and construction projects. Hydroelectric power plants have a direct impact on the water conditions in the regions of operation. It is crucial to meet the water demand of local communities for living, agriculture and also life in rivers during construction and operational phases. Water is a critical resource for economic and social resilience of the regions. We have continuous stakeholder engagement to understand the needs, concerns and demand of them to develop solutions in collective manner.

CLIMATE CHANGE:

Çalık Enerji contributes dealing with climate change through its renewable energy business while it is also affected from the effects of climate change. Climate change affects our renewable energy generation operations through creating efficiency concerns in hydroelectric power plants, where water sufficiency is important and in wind farms where wind fluctuations are observed due to climate change.



BIODIVERSITY:

Protecting biodiversity is crucial in construction of our power plants and energy distribution works. Because ecosystem services are vital resources for our facilities and for local communities. We pay utmost attention regarding preserving biodiversity.

WASTE MANAGEMENT:

Waste management activities have been planned and conducted, based on life cycle analysis in all our fields of operations. The analysis has been conducted to understand what types of waste would be produced in each process before starting a new project or making a new investment. Planning for recycling, remanufacturing (in construction processes), elimination of hazardous and non-hazardous waste are made based on this analysis. Hazardous waste like oil has been collected and stored in special collection areas and transferred to licensed collectors for elimination.

ACCESS TO FINANCE:

Çalık Enerji has financed all its solar and wind power plant investments from its own resources so far. Hydroelectric power plant investment and the investments made for our distribution company utilized external financing. External financial sources may be needed in order to realize investments for our future projects. The company maintains strong relations with financial institutions to be able reach finance when it is needed.

SUPPLIERS/SUB-CONTRACTORS/ LOGISTICS:

Suppliers, sub-contractors and logistics are important in all business activities of Çalık Enerji. Compliance of suppliers to the Supplier Code of Conduct and delivery of products in required quality and standards enable process and cost efficiency, timely completion, profitability. Sub-contractors were service providers of the company in different fields of operations. Monitoring subcontractors on compliance to health in safety guidelines,

having good relations with all internal and external stakeholders are important for efficient conduct of the business and business continuity. Logistics services are key for successful project management. We try to prevent environmental damage in transportation of large materials and equipment to the construction sites in construction projects. Logistics activities have been in manner to minimize traffic, air pollution and to cause minimum carbon emissions.

COMPETENT HUMAN RESOURCES:

Competent human resources enable us to conduct our processes in efficient, effective, timely manner. Competent people would easily develop constructive relations with internal and external stakeholders. Our human resource policy is focused on attracting and keeping competent employees in the company in all regions of operations. We have training programs to develop and train our employees.

STAKEHOLDERS

Through stakeholder participation processes, Çalık Enerji shares its approaches, plans and expectations with its stakeholders and engages on critical issues.



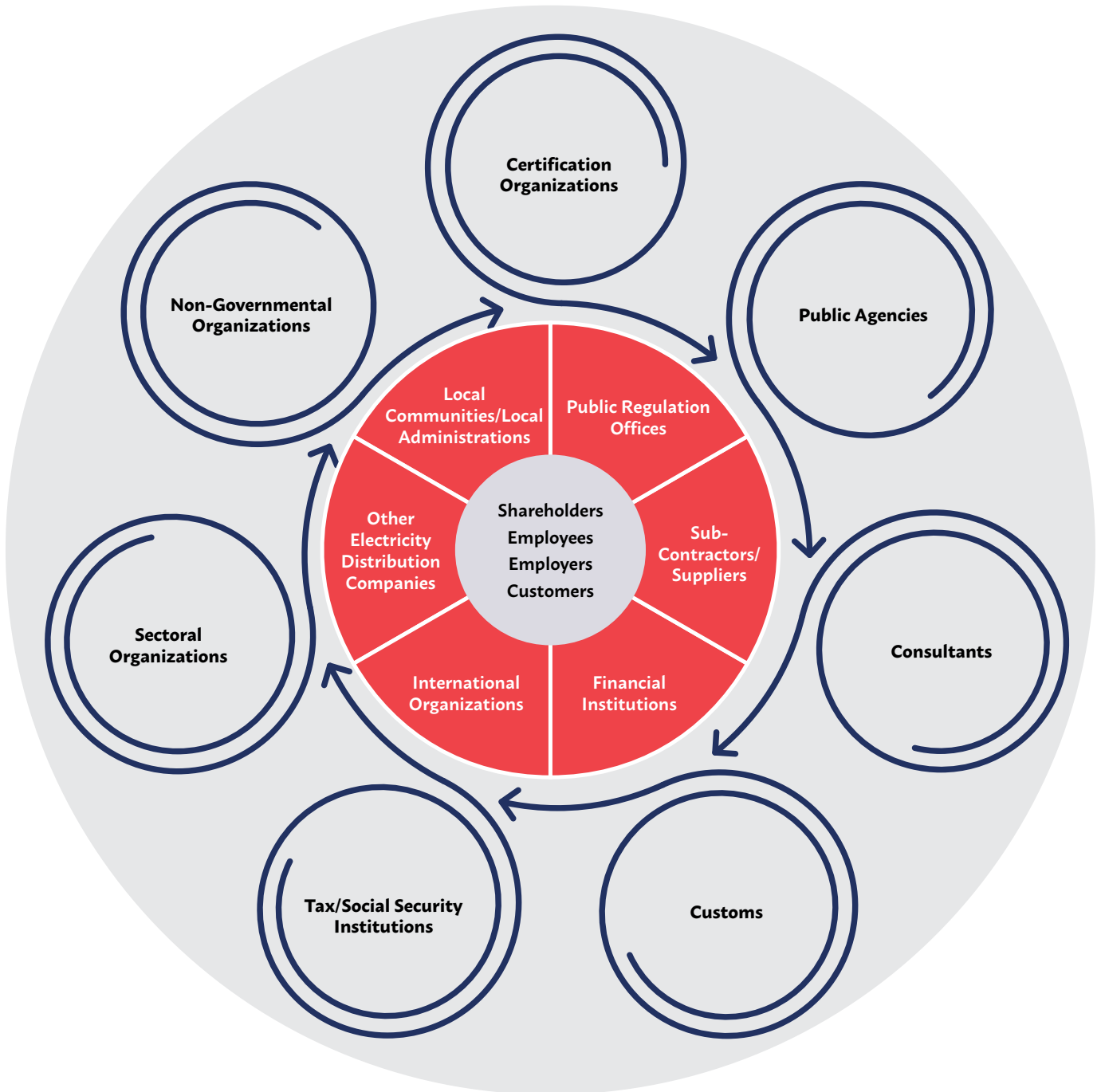
Stakeholders cover all natural and legal entities that are affected by our business activities or have an impact on us.

We establish constructive dialogue with our stakeholders to listen their concerns and expectations, and to find solutions to problems together. Through stakeholder participation processes, Çalık Enerji shares its approaches, plans and expectations with its stakeholders and engages on critical issues. Our main purpose in stakeholder consultation processes is to establish a result-oriented approach that creates value for all the parties involved.

Stakeholders cover all natural and legal entities that are affected by our business activities or have an impact on us. We have classified our stakeholders in 3 groups based on our level of interaction in the table below.

The core group includes stakeholders with which we are in constant communication while conducting our business activities. The second circle includes those with which we are in frequent communication and the outer circles include stakeholders with which we have intermittent interaction.

Stakeholder Map



STAKEHOLDERS

Establishing an efficient communication with local people allows us to run our operations in a healthy way, understand the needs, demands and issues of local people and create solutions for them.



SHAREHOLDERS: Our shareholders are the owners of our company. They allow our company to maintain its business activities by investing their capital. They approve our strategy through our Board of Directors, set forth the values to be considered while carrying out business activities and inspect the activities to ensure that they are carried out in line with the strategy and values of our company.

EMPLOYEES: Our employees create the biggest value for the company. Our competent employees allow us to complete all our projects in an efficient way and as planned. They ensure our business continuity by establishing strong and healthy communication with other stakeholders.

CUSTOMERS: We work with a wide range of customers from individuals to governments. Customer satisfaction is crucial for our continuity. For this reason, we try to be in close communication with our customers, share our experiences and find out their problems, expectations and demands. We try to create useful solutions for all the parties involved. The services we offer are also important for continuation and quality of life.

EMPLOYERS: Employers are the parties we work with on EPC projects, including governments of Central Asian, Middle Eastern and African countries. Interactions with these governments are crucial for continuity of our company. These countries realize many different projects for development purposes. Our knowledge

in this field is sufficient to support development moves of these countries. We have the expertise to contribute to the development of these countries as well as improve quality of life for their citizens through their EPC projects.

LOCAL COMMUNITIES: We are in a constant interaction with the local people due to the nature of our work. Establishing efficient communication with local communities allows us to run our operations in a healthy way, understand the needs, demands and issues of local communities and create solutions for them. We always work based on a win-win principle.

LOCAL ADMINISTRATIONS: Local public institutions are important for the management of our business. For this reason, we carry out our projects in communication with local administrations.

REGULATORY BODIES: Energy industry is subject to regulation. For this reason, public regulation offices directly affect how and at which standards we carry out our business activities or how the prices are determined. From this perspective, we are constantly in touch with local authorities. We share our opinions, when necessary, with relevant institutions.

SUPPLIERS: Suppliers are important for our business quality and continuity. We inspect working environments of our suppliers before ordering goods from them and negotiate with the suppliers to ensure that they act in compliance with our procurement standards. We work with companies that follow our rules in procurement processes. We evaluate the quotes we receive within the scope of total cost of ownership and choose the goods that are suitable for the environment and the productivity of our company.

SUB-CONTRACTORS: Sub-contractors support us in our operations and are important for the efficiency of our work. In addition, it is important to give training to sub-contractor's employees on occupational health and safety. It is also one of our responsibilities to follow up whether the sub-contractor's employees are given decent jobs and their employee rights.

FINANCIAL INSTITUTIONS: Financial institutions are important for us in terms of financing new investments. We share our financial statements, give detailed information on our business and hold meetings on potential business associations.

INTERNATIONAL ORGANIZATIONS: Various types of stakeholders fall into this group including the UN Global Compact and financial institutions that provide loans for the projects we carry out in other countries (Atlantic Council, ENR). We help spread the responsible business approach by following the standards set forth by these institutions and deploy these standards to the structures under our sphere of influence such as suppliers and sub-contractors. In addition, we also provide reports for relevant organizations.

OTHER ELECTRICITY DISTRIBUTION COMPANIES: Other electricity distribution companies are also our stakeholders. We participate in policy-making and opinion-sharing processes as a member of the non-governmental organization that consists of these companies.

CERTIFICATION ORGANIZATIONS: Certification organizations determine whether our business is carried out at international standards. At the same time, they allow us to convert the decrease in carbon emissions into economic value through the evaluation they make in renewable energy plants.

NON-GOVERNMENTAL ORGANIZATIONS: We interact with relevant non-governmental organizations in terms of environmental, social and economic impacts of our investments.

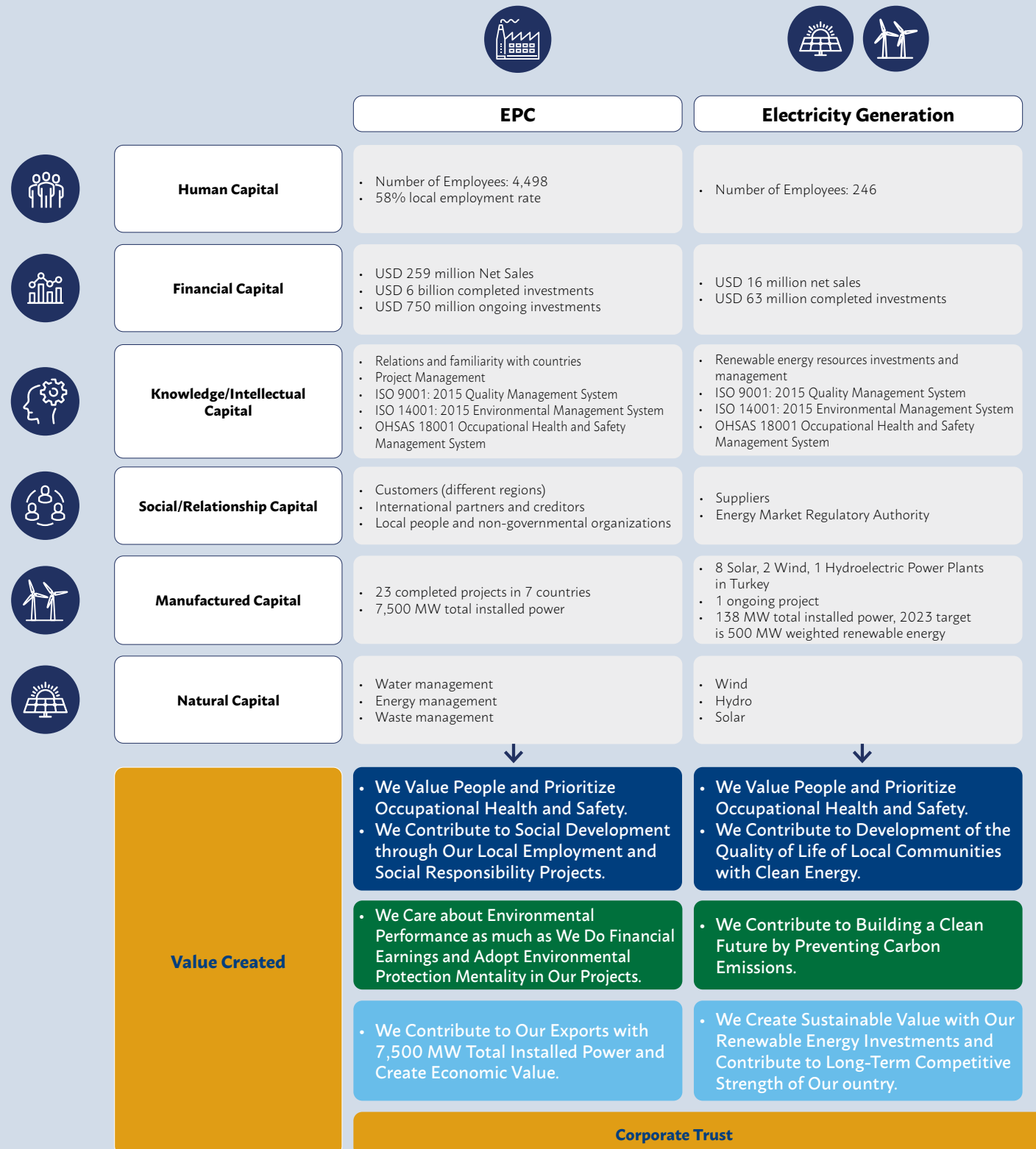
SECTORAL ORGANIZATIONS: Our Company is a member in sectoral non-governmental organizations. We participate in negotiations with the public and opinion sharing processes.

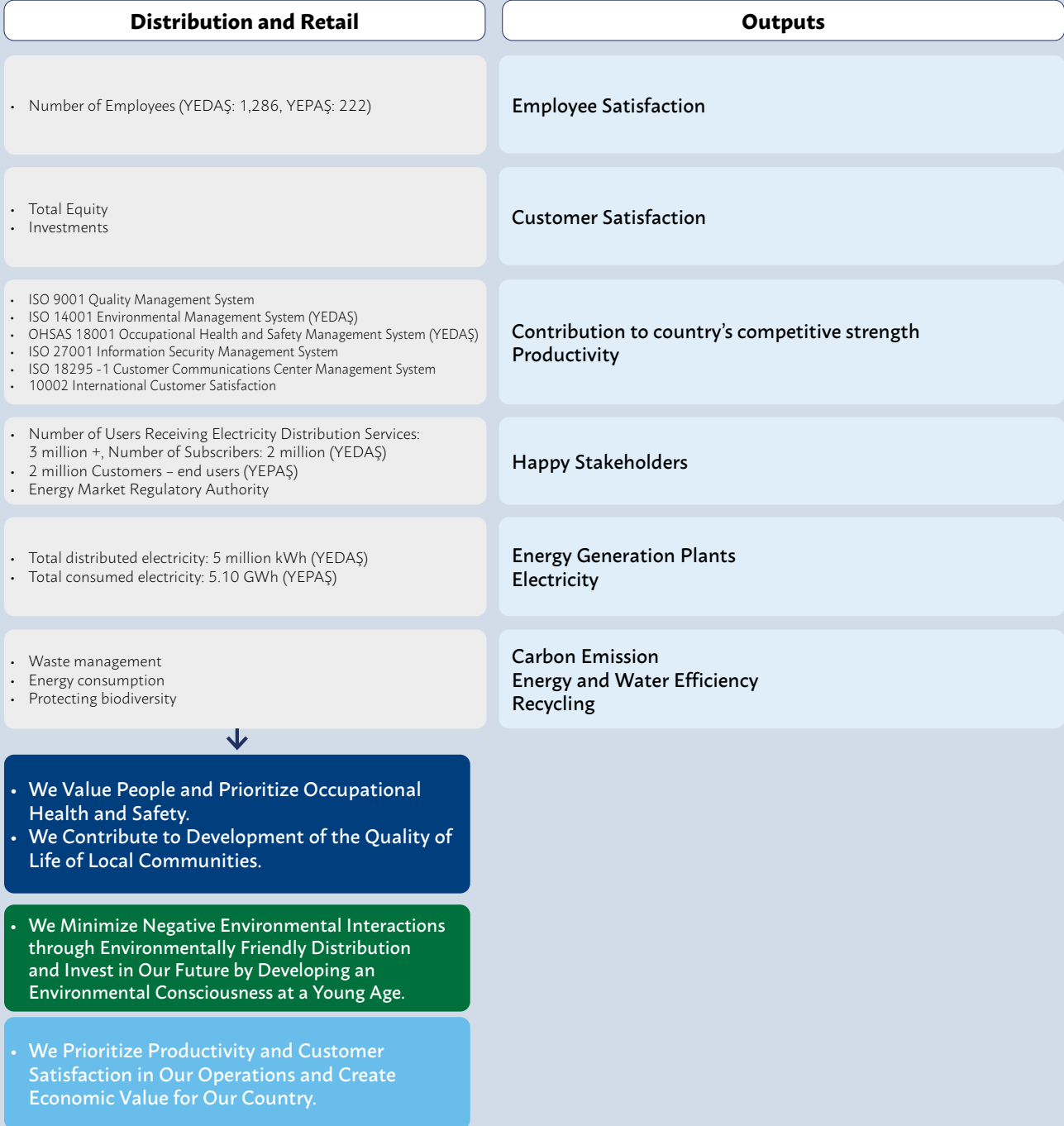
CONSULTANTS: Consultants are the companies or individuals that add value to our company business with their expertise. We improve our business processes by leveraging external knowledge and expertise.

PUBLIC AGENCIES: Tax authorities, Social Security Institutions, other ministries and provincial offices that are not considered as regulatory bodies under this section, fall into this group. We interact with these agencies for inspection, reporting and compliance with the standards.

INTEGRATED THINKING APPROACH

Çalık Enerji has adopted a value-oriented approach for monitoring and improving its activities. Through an integrated thinking perspective, we aim to increase the value created in each of its lines of business. The chart below shows the outcomes and value-created in each line of business as a result of activities through the use of capitals. Value-created in governance, social, environmental and economic areas through the sustainability approach are shown in different colors.





AWARDS, CERTIFICATIONS AND MEMBERSHIPS

Çalık Enerji ranks 119th among global companies and ranks 10th among Turkish companies in the “Top 250 International Construction Companies of 2019” list of ENR (Engineering News Record).

AWARDS

- Çalık Enerji ranks 54th on “Fortune 500 Turkey – 2019 Top Turkish Companies” list, which is prepared based on year-end data of 2018.
- Çalık Enerji ranks 119th among global companies and ranks 10th among Turkish companies in the “Top 250 International Construction Companies of 2019” list of ENR (Engineering News Record).
- Çalık Enerji ranks 72nd on “Capital 500 Turkey – Top Turkish Companies 2019” list, which is prepared based on year-end data of 2018.
- IQB Solutions is granted “The Most Successful Digital Transformation Award” in production category with its product IQPower in the Microsoft Business Partners Summit, 2019.
- Çalık Enerji ranked 11th at the “International Contracting Services Award Ceremony” held by Turkish Contractors Association.
- YEPAŞ topped Customer Satisfaction Survey conducted by the Energy Market Regulatory Authority (EMRA) in Turkey with a 78% satisfaction rate.
- YEDAŞ is granted the “Best Technological Investment Award” for Sustainable Electricity Distribution with its “EDAŞ ONLINE” Project (Online Electricity Distribution Company) at the contest organized by International Business Magazine with participation of world-renowned companies.

CERTIFICATIONS

- ISO 9001 (Quality)
- ISO 10002:2014 Customer Satisfaction Management System (YEDAŞ/YEPAŞ)
- ISO 14001 (Environment)
- OHSAS 18001 (Occupational Health and Safety)
- ASME A, S, U Stamp
- ISO/IEC 27001:2013 Information Security Management System
- ISO 18295-1 Communications Center Management System
- ISO 50001 (Energy Management System) Certification process is about to be finalized.

MEMBERSHIPS IN ASSOCIATIONS AND WORK COMMITTEES

- ELDER – Association of Distribution System Operators
- TEDAR – Supply Chain Management Association



GOVERNANCE

Çalık Enerji believes that a good governance approach has a great role and is essential for company's success. We believe that good governance approach is crucial for sound decision-making, effective risk management, successful strategy making, execution, and finally ensuring sustainability of the company.

OUR APPROACH

Çalık Enerji is aware that good governance is essential for company's success. We believe that good governance approach is crucial for sound decision-making, effective risk management, successful strategy making, execution and finally ensuring sustainability of the company.

Effective corporate governance ensures effective project management and defines delegation of authority in decision-making processes.

Trust to the company could be achieved with implementing good governance practices. Stakeholder engagement and building long-term constructive win – win relationships is one of the key components for building good reputation. We would like to have mutual trust between the company and its stakeholders to have open and honest communication to understand their needs, expectations and concern while we could be able to communicate our policies, business practices and implement participatory solution development processes. Such an approach enables sustainability of the company in the long-term.



BOARD PROFILE

Board Members

We have a strong leadership to manage our business effectively. Our Board Members are well aware of their responsibilities and contribute to implementation of an efficient governance approach with due diligence.



AHMET ÇALIK CHAIRMAN

Born in 1958 in Malatya, Ahmet ÇALIK started his first business in textile industry in 1981. ÇALIK made the first large-scale industrial investment in Eastern Anatolia with the denim factory he built in Malatya while also launching his first investments in Central Asia in line with his international ambitions over the same period. Since 1992, he started to project abroad the business experiences he built up in Turkey with investments in energy, construction, mining, textile, finance and telecom sectors across the regions where Çalık Group operates, which culminated in the establishment of Çalık Holding in 1997 to bring together all group companies under a single roof. As of the biggest investors in the Balkans and Central Asia, ÇALIK has received the Turkmenistan Order of the State and Turkmenistan Mahdum Gui Award in 1997, Republic of Turkey State Medal of Distinguished Service and Turkmenistan Gayrat Medal in 1999, Turkmenistan Golden Age Order in 2001, Ministry of Foreign Affairs Republic of Turkey State Medal of Distinguished Service in June 2002, Grand National Assembly of Turkey State Distinguished Service Prize in 2006, and the "Turkey in Europe - Franco Nobili" Award in 2010. Appointed as Honorary Consul to Bursa by the Republic Kazakhstan in 2012, Ahmet ÇALIK was given the 'Ellis Island Medal of Honor' by the National Ethnic Coalition of Organizations (NECO) and conferred upon honorary doctorates by Matsumoto Dental University, Japan and University of Tirana, Albania in 2014. Given by the Kindai University with another honorary doctorate in 2016, Ahmet ÇALIK currently serves as Board Chairman at Çalık Holding and Group Companies.



ONUR YÜCEKAL GENERAL MANAGER

Graduated from Boğaziçi University, Department of Mechanical Engineering in 1997, Onur Yucekal received his MBA degree from Emory University in 2001. Embarking on his career at Bank Ekspres as Treasury Analyst in 1997, Yucekal joined General Electric in the United States in 2001 and served as the Financial Planning & Reporting Analyst at GE Energy. Following his role as Senior Audit Manager at GE Corporate between 2003 and 2006, Yucekal took office at GE Money in 2006 and performed his tasks respectively as; CFO of GE/Garanti Bank JV in Istanbul, Garanti/GE Romania JV CFO and Board Member in 2009, and Bank BPH CFO in Poland in 2010. As of 2012 Yucekal, fulfilled his duties as CFO and a Board Member of GE Turkey and simultaneously undertook the leadership role as CFO of Middle-Eastern Region of GE Power Systems between 2014 and 2018. Between 2018 and 2019, Yucekal served as the Chief Financial Officer of Çalık Holding, in April 2019, he was appointed as the General Manager of Çalık Enerji.



ASSOC. PROF. OSMAN SAİM DİNÇ
BOARD MEMBER

Born in Nevşehir in 1955, O. Saim DİNÇ, earned a degree in Faculty of Mechanical Engineering in Istanbul Technical University in 1978, and went on to assume the title of assistant professor in 1988. He went to the RPI (Rensselaer Polytechnic Institute), New York, USA in 1988 for academic studies, and worked for GE Corporate Research and Development Center at the same time. Having worked for General Electric in NY, USA for 15 years, Mr. DİNÇ has taken office for several positions, and run many projects in power plants, gas turbines, wind turbines, technology of aircraft engines, and product development. He assumed the title of associate professor in 1992. He was appointed as the Chairman of TPAO (Turkish Petroleum Corporation) on May 20, 2003. Having held office for 4 years, he gained a wide range of experience in oil and gas industry, and completed scores of major projects on a high note during his tenure. Having joined Çalık Enerji on 16 April 2007, O. Saim DİNÇ holds the title of Deputy Chairman of the Board. He has more than 60 patents and over 40 articles published by international conferences and scientific journals. He is also an award-winning executive in many lines of business.



ORHAN GENİŞ
BOARD MEMBER

Graduated from Chemical Engineering Program at the Middle East Technical University, Orhan Geniş has received his master's degree from the leadership studies at the UK's University of Exeter. Orhan Geniş has started his career in 1976 as a process engineer at TÜPRAŞ and then been transferred to UOP, a refinery and petrochemical production company in England, in 1990. He worked at petrochemical and refinery optimization departments, served as refinery technologies manager, engineer and consultancy group director between 1993 and 2002 at UOP, which has been then acquired by Honeywell. He became the Product Group General Manager of UOP in Europe, Middle East, Commonwealth of Independent States (CIS) and Africa in 2002. He continued to hold office as the General Manager in Switzerland between 2008 and 2010 due to reorganization of the company. After working at various positions for 20 years at Honeywell Intl Inc., Orhan Geniş managed Honeywell's business activities as the President of Turkey and Central Asian Fastest Growing Strategic Countries in the region between 2010 and 2018, before he retired in September 2018. Orhan Geniş created multiple publications internationally and he is one of the contributing authors of the "Petroleum Refining Process" technology book published by Mc Graw Hill. In 2003, he has been granted the Assoc. Prof. Dr. Sûha Atamer Award, which is given by METU Chemical Engineering Academic Board to recognize the leaders with outstanding achievements in the industry. He joined Çalık Group as a Board Member of Çalık Enerji as of April 2019.



MUSTAFA AKSOY
BOARD MEMBER

Born in 1977, Izmir-Tire, Mustafa Aksoy has BSc degree in Public Administration at Dokuz Eylül University. Having worked at Egebank and Garanti Bank as auditor, Mr. Aksoy completed his MBA in Belgium's Antwerp University. He joined Çalık Group in 2004, served in various positions in the fields of marketing, corporate finance, M&A and business development. Serving as the General Manager of Lidya Madencilik since July 2010, Mr. Aksoy holds board member positions both with Lidya and our JV mining companies with foreign partners. In addition, he joined Çalık Enerji Board of Directors as of April 2019. Besides English, he has a good command of German, French and Italian.

BOARD PROFILE

Distribution of Board Members by Age and Gender

	AGE	GENDER	EDUCATION	EXPERIENCE	SENIOR MANAGEMENT EXPERIENCE
AHMET ÇALIK	62	MALE	HIGH SCHOOL	39 YEARS	39 YEARS
ONUR YÜCEKAL	45	MALE	MECHANICAL ENGINEERING MBA	23 YEARS	14 YEARS
ASSOC. PROF. SAİM DİNÇ	65	MALE	MECHANICAL ENGINEERING	42 YEARS	17 YEARS
ORHAN GENİŞ	68	MALE	CHEMICAL ENGINEERING	44 YEARS	18 YEARS
MUSTAFA AKSOY	43	MALE	PUBLIC ADMINISTRATION MBA	21 YEARS	10 YEARS

Activities of the Board

Board meetings are held every 3 months. 4 meetings were held in 2019.

Company's current status, future projects, risks and strategies of the company are discussed in these meetings. In 2019, Çalık Holding's Board of Directors has taken a resolution that requires making sustainability a part of group company strategies and decision-making processes.

In line with this resolution taken by Çalık Holding, our Board of Directors has decided to review our sustainability efforts and strengthen their connection with the company strategy.

ETHICS

Çalık Enerji adopts a business approach based on creating value for its stakeholders in all regions it operates and acts in accordance with ethical values.

Çalık Enerji's business approaches are shaped by the "Çalık Holding Work Ethic Rules" identified for Çalık Group companies.

Çalık Enerji adopts a business approach based on creating value for its stakeholders in all regions it operates. Working with this point of view, Çalık Enerji pays attention to:

- Having its customers satisfied,
- Contributing to development of the countries and regions it operates,
- Offering products and services at international standards and quality,
- Acting fair to all its stakeholders.

Ethical values for business include the concepts of justice, fairness, honesty, impartiality and responsibility. Acting ethically means doing the right thing based on ethical values.

Çalık Enerji's all actions must be in compliance with applicable legislations in all regions, including Republic of Turkey.

Within the scope of anti-corruption efforts; Çalık Enerji is subject to the Turkish Penal Code and, as the company engages in international commercial activities, Law on Prevention of Laundering Crime Revenues, other legislations such as OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, UN Convention Against Corruption, United Kingdom Bribery Act 2010 ("UKBA") and US Foreign Corrupt Practices Act ("FCPA") as well as other anti-corruption laws in force in the countries where branches, local companies or operations of Çalık Enerji are located.

Employees are expected to act in compliance with the Laws of the Republic of Turkey, laws applicable in relevant countries, international conventions and the following rules.

LEGAL COMPLIANCE

Employees are expected to act in compliance with the laws and legislations of our country as well as the countries we operate in. All information to be disclosed by the company to the public and submitted to authorities must be shared in accordance with the applicable standards, in a transparent way.

EQUALITY AND DIVERSITY

The Company aims to demonstrate an honest and fair approach towards its employees and provide a safe and healthy working environment. In this context, discrimination in our company against employees based on their language, race, skin color, gender, political view, belief, religion, observance, age, physical disability or other similar characteristics is not allowed in order to create a fair and safe working environment. Diversity is valued. Equal opportunities are provided for equal individuals.

OCCUPATIONAL HEALTH AND SAFETY

The Company considers health and safety of all its employees as number one priority in all countries of operation. Workplace, physical work environment and conditions must be healthy and safe for all employees.

STRUGGLE AGAINST VIOLENCE AND HARASSMENT IN THE WORKPLACE

Violating privacy of our employees in the workplace or any other place they are in for business purposes through physical, sexual or emotional harassment is illegal and unethical. In the event of such harassment, necessary legal and administrative procedures are initiated and necessary measures are taken in order to prevent harassment.

RESPONSIBILITY TOWARDS CUSTOMERS

It is essential to work with a customer-oriented approach. Customers are approached with respect, decency, fairness and equality, by following courtesy rules. It is our priority to create value for our customers, increase customer satisfaction and establish a long-term environment of trust in our relationships with our customers.

The company engages with the individuals and corporations it works with based on honesty, fairness, respect and goodwill and pays attention to fulfill its legal obligations in time. The company and the employees are responsible for carefully protecting confidential information of the individuals and corporations they work with.

FAIR COMPETITION

The Company follows fair competition rules of the countries it operates in and avoids unfair competition. The company supports the efforts towards establishing a competitive structure in the community. Data on rival companies must be collected and used legally and ethically. Non-public information that belongs to the rival companies must be respected.

ETHICS

Employees, within the scope of their jobs, may not enter into any mutual or gratuitous business relationships that may provide benefit to their family members, relatives or other third parties they have a relationship with.

RESPONSIBILITY TOWARDS THE SOCIETY

The Company and its employees act sensibly and responsibly for social issues as good citizens. It is aimed to mind the traditions and cultures of the countries we operate in, adjust to the social structure and avoid any behavior that may have a negative impact on the social sphere.

Employees are encouraged to participate in social activities such as environmental, healthcare, educational and sports activities.

RESPONSIBILITY TOWARDS THE ENVIRONMENT

Çalık Enerji abides by the environmental laws and legislations in each country of operation and manages its business activities based on the principle of protecting the environment.

Çalık Enerji observes all relevant local and international laws, regulations and conventions and ensures that these are followed and implemented by the business partners.

PROTECTION OF BUSINESS SECRETS AND CONFIDENTIALITY

Confidential information include business secrets, intellectual property rights, third party confidential information, agreements and other information that will negatively impact competition. This information may not be disclosed to or shared with third parties.

Employees must pay attention to protect confidential and private information including but not limited to those that may belong to suppliers, customers and other stakeholders, regardless of their relevance to the employees' job and they

are not allowed to use these information in favor of themselves or third parties.

This liability shall survive after termination of the employees' business relationship with the company. Passwords, user IDs, authorizations and other similar identifiers that are used to access to the information systems of the company must be kept confidential and may not be disclosed to anyone other than authorized users.

Trying to afford business interests by using or disclosing company's confidential and private information to third parties (insider trading) constitutes a crime as per the laws as well as codes of conduct.

MEDIA RELATIONS

Media relations must be managed with a clear and transparent communication model. Corporate messages, information and statements must not be misleading. The company must be equally distanced from media organizations and have equal relationships with these organizations. Any financial or sectoral information requests from the media must be responded by authorized employees under coordination of the Corporate Communications Department.

AVOIDING CONFLICT OF INTEREST

Any benefits or interests gained by the employees or their relatives, acquaintances or individuals and organizations they have a relationship with due to the position of said employees are defined as "conflict of interest."

Employees are expected to avoid all kinds of activities that may give rise to conflict of interest. Company name or reputation may not be used for gaining personal benefit.

Employees, within the scope of their jobs, may not enter into any mutual or gratuitous business relationships that may provide benefit to their family members, relatives or other third parties they have a relationship with. This must also be considered when deciding on the suppliers to work with.

Employees may not become members of the board or auditors of any company other than the group companies unless the Board of the Company that employees work for gives permission to do so. They may not have a second job outside the company. Working as an arbitrator, intermediary or expert as authorized by judicial or administrative bodies or working as a lecturer at universities are not subject to this restriction. For any duties to be performed outside the company, employees' work performance must not be affected, said duty must be performed outside the working hours of the company and the Human Resources Department of the company must be informed prior.

ACCEPTING OR OFFERING GIFTS

Employees may not accept any gifts, income, aid, entertainment, special discount or commissions for their self-interest that may affect their impartiality, decisions or behaviors. However, in the events where rejecting gifts from the customers or suppliers may be considered rude, employees may accept gifts provided that said gift is appropriate in terms of customs of trade and the approximate value of said gift does not exceed 150 Euros or its equivalent in other currencies.

Employees may offer or accept reasonable entertainment or dinner to or from individuals in accordance with the customs of trade.

Employees must never accept cash or borrow money, regardless of its amount, from suppliers, rivals or customers. Employees are not allowed to invest in or lend money to suppliers that may give rise to conflict of interest. Likewise, employees are not allowed to use special advantages or conditions offered by suppliers to the company for gaining personal benefit. Employees are expected to act in good faith and in accordance with applicable legislations and corporate discipline.

ANTI-CORRUPTION

Bribery is to offer, promise, give, request or accept cash, gifts or any financial or other advantages, directly or indirectly, to:

- A public officer,
- A political candidate, political party or representative thereof, or
- Any private sector employee for the purposes of securing, keeping, managing or otherwise gaining an inappropriate advantage for execution of business.

Anti-bribery rules are independent of nationalities of the parties involved.

Promising an advantage is enough to violate the anti-bribery rule; actual payment of the bribe is not a prerequisite for violation.

The word “advantage” must be construed to a wide extent and deemed to include not only direct monetary interests but also intangible advantages (for example, offering a job to a public officer or a commercial agent).

Çalık Enerji employees shall never attempt to affect the decisions of public officers or other individuals by offering them financial or other advantages, explicitly or implicitly.

Çalık Enerji employees may never be punished or subjected to other negative consequences for refusing to bribe someone, even if this refusal may result in loss of a business transaction.

Çalık Enerji never allows any attempts of using its own resources for “Money Laundering” purposes, which is described as the process of making money illegally generated by other individuals or companies appear to have come from a legitimate source.

Çalık Enerji acts in compliance with the local and international laws and legislations against money laundering and tries to reasonably track the source of the money generated during its business activities by working with reliable and reputable Business Partners.

POLITICAL CONTRIBUTIONS

Çalık Enerji does not support a political view or party. Employees must maintain a non-political stance on all platforms where they represent the company. Employees must avoid statements or behaviors that may expose their personal political views.

Çalık Enerji and its employees acting on behalf of the company may not make political contributions, directly or indirectly, to political parties, party members, candidates or organizations.

Employees are free to participate in democratic political activities. However, they must inform the Compliance Officer before participating in such activities and these activities must be run without referring the company or utilizing the company’s resources.

CHARITABLE CONTRIBUTIONS AND DONATIONS

Majority of Çalık Enerji’s contributions must be made towards educational, healthcare and social responsibility projects, projects for environmental protection and events related to art.

All donations, contributions and sponsorships must be transparent and in compliance with the applicable laws of the countries involved. Any noncompliant applications, requests or payment of donations, contributions and sponsorships must be reported to the Compliance Officer.

Corporate donations and social aids must be granted to the projects, organizations or institutions that are in line with the internal procedures, ethical principles and corporate reputation.

RELATIONS WITH BUSINESS PARTNERS AND OBSERVANCE OF RULES

Çalık Enerji values its relationships with business partners.

Employees must be honest, respectful and fair towards business partners and observe the mutual interests of the companies.

Anti-corruption program of the company also applies to the transactions with business partners.

In order to determine whether a certain business partner is in compliance with the codes of conduct as well as the anti-corruption regulations in effect, business partner assessment must be made, when applicable (based on their size, reputation, etc.), by the relevant department under the supervision of the Compliance Officer, before initiating the business relationship.

The assessment must be repeated periodically as per the Guidelines for Managing Business Partner Assessments and it is also made before purchasing shares in a company or participating in a joint venture.

All kinds of agreements to be entered into between the business partners and Çalık Enerji must include anti-bribery commitments and right to terminate.

Performance of business partners must be regularly assessed.

ETHICS

Ethical Line

As an employer that minds ethical values, Çalık Enerji provides the employees or others (i.e. business partners) with safe and accessible channels through which they can report any suspicious cases in confidence and without the risk or retaliation. We have established an ethical line for our employees to report their concerns easily while remaining anonymous.

All employees are encouraged to report any suspicions of inappropriate behavior or nonconformities under the guarantee of not being exposed to the risk of retaliation.

Ethics Committee

Ethics Committee consists of 1 chair, 2 principal members and 2 substitute members. Chair and Members of the Ethics Committee are elected, authorized and appointed by the Board of Directors, in line with the term of office of the Board. Ethics Committee shall hold meetings with all the members present and shall take decisions unanimously. Members of the Ethics Committee may not participate in the negotiations regarding themselves or their employees. In such cases, a suitable substitute member shall participate in the meeting and decision-making process.

All complaints and reports received by the ethical line will remain confidential. Identities of reporting parties will never be disclosed. The Compliance Officer will investigate the reported case in confidence, determine whether the case violates any corporate rules, values or laws and take necessary actions.

Ethics Committee is responsible for evaluating the nonconformities determined within the scope of the codes of conduct as well as the reports shared over the ethical communication line and impose disciplinary penalty if necessary.





QUALITY

Çalık Enerji carries out its domestic and foreign projects in accordance with the quality standards and aims to improve itself continuously.

OUR QUALITY POLICY

Operating without compromising on its quality policy since day one, Çalık Enerji emphasizes the importance of this policy at all locations where company operations are carried out.

This policy is shared with Çalık Enerji employees as well as the sub-contractors and suppliers acting on behalf of Çalık Enerji. This policy is also announced at all locations under Çalık Enerji's control and where company operations are carried out.

Çalık Enerji is known for its quality and creative, environmental and people-friendly projects in the energy sector. It creates value by continuously improving its services and constantly informing its stakeholders.

Main topics Çalık Enerji considers for creating its management systems and making commitment to its stakeholders for continuous improvement are:

- Customer focus and feedback,
- Leadership and management,
- Processes and procedures,
- Risk based thinking system,
- Transparency,
- Assignment and authorization,
- Monitoring and communication,
- Knowledge and sustainability.

Çalık Enerji carries out its domestic and foreign projects in accordance with the quality standards and aims to improve itself continuously.

In terms of customers, Çalık Enerji;

- Prepares and performs the projects based on the needs and expectations of customers,
- Evaluates customer concerns and opinions and discusses them with customers,
- All solutions are in compliance with the principles of environmental protection and creating value to all stakeholders. We try to convince our customers with this approach.
- Customer satisfaction is at the center of our quality policy.

In order to offer high quality services, Çalık Enerji demonstrates a leadership that:

- provides all necessary resources,
- supports an open interaction and communication environment
- encourages employees to take responsibility
- encourages risk-based approach and questioning.

In order to offer efficient services, Çalık Enerji:

- assesses and improves its processes,
- creates procedures for processes and develops its employees through trainings,
- creates feedback mechanisms to improve processes,
- supports improvement of the quality management system.

By creating a transparent work environment, Çalık Enerji encourages:

- critical thinking,
- identifying problems and suggestions for improvement,
- cease of the work when reaching target quality is in doubt and authorization of its employees for this purpose.

In order to perpetuate continuous improvement, Çalık Enerji encourages:

- constant tracking of quality indicators,
- investigation of the issues to find out the causes and develop solutions,
- institutionalization and spread of experiences.



INFORMATION SECURITY

Çalık Enerji commits to define roles and responsibilities for the operation and continuity of our management system for information security.



Çalık Enerji commits to conduct regular reviews in order to improve continuously the processes and activities that are parts of the operation of its Management System.

OUR INFORMATION SECURITY POLICY

As we provide services in line with our objectives and in accordance with the applicable laws and legislation, we commit to:

- Define roles and responsibilities for the operation and continuity of our management system for information security,
- Set objectives for our Management System and evaluate their compliance at certain times,
- Conduct risk management activities within our Management System
- Perform business impact analyses and define continuance targets and business continuity strategies to duly cater for our Management System;
- Follow the principles of confidentiality, integrity and accessibility of information to duly cater for our Management System;
- Allocate necessary resources and plan training programs to improve competency of our personnel with an aim to cater for and efficiently run our Management System;
- Conduct regular reviews to continuously improve the processes and activities that are parts of the operation of our Management System;
- Plan awareness raising and guiding activities to ensure that all of our personnel and partners participate to and comply with our management systems as per our holistic approach towards our Management Systems;
- Ensure compliance with the requirements of standards, legal regulations and contracts in terms of our Management System,
- Implement our Management Systems as an indispensable part of our corporate culture.

INTERNAL CONTROL AND INTERNAL AUDIT

Process control, financial audits, tax audits, financial and technical inspections of EPC projects are made and consultancy services, if requested, are offered within Çalık Enerji.



Çalık Holding A.Ş. Department of Auditing (Auditing Group) provides auditing and consultancy services in the fields of financial, operational and information systems and technical matters within Çalık Enerji.

In this context, process control, financial audits, tax audits, financial and technical inspections of EPC projects are made and consultancy services, if requested, are offered within Çalık Enerji.

Operating in accordance with the International Internal Auditing Standards, Auditing Group evaluates and inspects compliance with the Internal Control Systems of Çalık Enerji and its subsidiaries, observing COSO Standards and best practices.

Auditing Group aims to improve accuracy and reliability of financial and operational procedures, compliance with legislations and company procedures, protection of company assets and efficiency and

productivity of operational processes by establishing an efficient internal control system within Çalık Enerji and developing corporate management practices.

Auditing Group periodically informs Çalık Enerji's Board of Directors and Auditing Committee on the results of auditing activities.

Auditing Group creates recommended actions to be taken for the findings of audits before reporting, reaches an agreement with relevant departments regarding the findings and action plans.

Auditing Group is also responsible for following up actions in order to ensure effective implementation of the measures taken by the Management in line with the action plans created as a result of the mutual agreement and to observe developments.

Auditing Group periodically informs Çalık Enerji's Board of Directors and Auditing Committee on the results of auditing activities.



CONNECTION WITH SDGS

Çalık Enerji values diversity to create a fair and safe working environment and provides equal individuals with equal opportunities.



We have adopted the principle to work within the scope of codes of conduct as part of our extensive projects with a significant scale carried out with different business associations, suppliers and customer profiles.

As set forth in the Ethical Values – Equality and Diversity principle, discrimination in Çalık Enerji against employees based on their language, race, skin color, gender, political view, belief, religion, observance, age, physical disability or other similar characteristics is not allowed in order to create a fair and safe working environment. Diversity is valued. Equal opportunities are provided for equal individuals.

Environmentally friendly work mentality is adopted in all projects and other businesses and efforts to contribute to our environment with a sense of social responsibility, beyond the rules we follow diligently, are put during our works.

We have adopted the principle to work within the scope of codes of conduct as part of our extensive projects with a significant scale carried out with different business associations, suppliers and customer profiles. Çalık Enerji contributes to sustainable development goal 16) Peace, Justice and Strong Institutions by implementing management and decision-making systems based on these approaches.

ACHIEVEMENTS

A team of Sustainability Ambassadors is created, which will reflect the different points of view within Çalık Enerji and take an active role towards the goal of identifying and implementing sustainability priorities.



SUSTAINABILITY AMBASSADORS

We have established a project team within the scope of building our sustainability strategy. This project team consists of our employees from different departments of the company. It is aimed to create an infrastructure to employ integrated thinking approach within the company, create a mechanism for decision making by evaluating different perspectives. This way, a team of Sustainability

Ambassadors is created, which will reflect the different points of view within the company and take an active role towards the goal of identifying and implementing sustainability priorities. These ambassadors are individuals who will contribute to spread and employment of sustainability approach within decision-making processes.

Sustainability Ambassadors are individuals who will contribute to spread and employment of sustainability approach within decision-making processes.

SOCIAL

By signing the United Nations Global Compact, Çalık Enerji commits to prioritize human rights on an international platform.

OUR APPROACH

Çalık Enerji is known for its quality, creative, environmental and people-friendly projects in the energy sector. It creates value by continuously improving its services and constantly informing its stakeholders. Occupational Health and Safety is the key factor in all lines of business.

By signing the United Nations Global Compact, Çalık Enerji commits to prioritize human rights on an international platform. Global Compact signatories are expected to be respectful of human rights and implement this approach in their own companies as well as their supply chains.

Çalık Enerji exhibits an approach that puts human rights at the center of its business in all territories. Çalık Enerji manages its operations by treating all its employees equally and providing equal opportunities to employees without any discrimination. Our codes of conduct reflect our approach to this issue.



CALIK DENİM



TEKFEN HOLDİNG

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 EĞİTİM	 ÇALIŞMA KENARLARI	 ÇEVRE	 ÇALIŞANLARIN GELİŞİMİ
SAR 1: Eğitim, öğrenim ve gelişim fırsatları sağlamak ve çalışanların becerilerini sürekli olarak geliştirmek.	SAR 2: Eğitimi, öğrenimi ve gelişimi teşvik etmek ve desteklemek.	SAR 3: Çevreyi korumak ve sürdürülebilirlik için gerekli adımları atarak çevreye duyarlı olmak.	SAR 4: Çalışanların becerilerini geliştirerek kariyerlerini desteklemek.
SAR 5: Eğitim ve öğrenim fırsatları sağlamak ve çalışanların becerilerini sürekli olarak geliştirmek.	SAR 6: Eğitimi, öğrenimi ve gelişimi teşvik etmek ve desteklemek.	SAR 7: Çevreyi korumak ve sürdürülebilirlik için gerekli adımları atarak çevreye duyarlı olmak.	SAR 8: Çalışanların becerilerini geliştirerek kariyerlerini desteklemek.
SAR 9: Eğitim ve öğrenim fırsatları sağlamak ve çalışanların becerilerini sürekli olarak geliştirmek.	SAR 10: Eğitimi, öğrenimi ve gelişimi teşvik etmek ve desteklemek.	SAR 11: Çevreyi korumak ve sürdürülebilirlik için gerekli adımları atarak çevreye duyarlı olmak.	SAR 12: Çalışanların becerilerini geliştirerek kariyerlerini desteklemek.

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Handwritten signatures and notes on the whiteboard.



OCCUPATIONAL HEALTH AND SAFETY

Foreseeing potential emergencies and accidents in terms of Occupational Health and Safety, Çalık Enerji employs a risk-based thinking system.

OUR OCCUPATIONAL HEALTH AND SAFETY APPROACH

Çalık Enerji's Occupational Health and Safety (OHS) Policy is the top document governing Çalık Enerji management systems and practices committed by the Senior Management which are discussed in Management Review Meetings held each year by Senior Management.

Çalık Enerji Senior Management created the OHS Policy in accordance with the nature of our company's domestic and foreign activities and included the commitment to comply with the requirements of the OHS Management System and improve the efficiency of the management system continuously.

OHS Policy lights the way for our commitments and goals that fall into the categories such as planning and implementation, assignment and authorizations, risk management, monitoring and review and identifying critical performance indicators and it is communicated to and accessible by all the parties involved around the world through web, intranet, bulletin boards, job trainings etc.

OUR OCCUPATIONAL HEALTH AND SAFETY POLICY

Çalık Enerji has always procured the resources necessary for construction sites and workplaces by investing in safe equipment and establishing safe working environments, believing in the zero-accident goal and adopting the approach for prevention of occupational diseases.

Çalık Enerji organizes regular OHS trainings and emergency management drills, encourages all stakeholders to contribute to the OHS system and aims to increase awareness of OHS.

Foreseeing potential emergencies and accidents in terms of OHS, Çalık Enerji employs a risk-based thinking system and places importance on emergency risk assessments, developing corrective actions to minimize risks and following preventive approaches. Çalık Enerji has identified all risks as well as environmental and social impacts of all incidents that may occur during business activities.

Çalık Enerji prepares critical performance indicators in the light of legislations and requirements of each country it operates in, identifies and follows its targets accordingly and monitors OHS performances of sub-contractors. Çalık Enerji exhibits full transparency while sharing the corporate knowledge gained through these processes.





OCCUPATIONAL HEALTH AND SAFETY

Rate of incidents recorded by Çalık Enerji is 0,132 by the end of 2019.

Occupational Health and Safety Statistics (EPC)

Project HSE Statistics	2017	2018	2019
Total Recordable Incident Rate (TRIR)	0.050	0.088	0.132
Death Rate	0	0	0
Near Miss Frequency Rate (NMFR)	62	85	78
Lost Time Occupational Accident Rate	0.025	0.044	0.044

Occupational Health and Safety Trainings (EPC)

Total HSE Training Hours	2018	2019
(Direct, indirect man hours)	18,789,756	14,896,662

Occupational Health and Safety Statistics (YEDAŞ)

YEDAŞ HSE Statistics	2017	2018	2019
Total Recordable Incident Rate (TRIR)	34	31	29
Death Rate	2	0	0
Near Miss Frequency Rate (NMFR)	54	65	75

Occupational Health and Safety Trainings (YEDAŞ)

STATISTICS FOR YEDAŞ OCCUPATIONAL HEALTH AND SAFETY TRAININGS (HOURS)		2019
SAFE WORKING AT HEIGHTS IN ENERGY SECTOR		5,109
PRINCIPLES OF PROTECTION FROM DISEASES AND APPLICATION OF PROTECTION METHODS & PSYCHOSOCIAL AND BIOLOGICAL RISK FACTORS & FIRST-AID & HARMS OF TOBACCO AND SECOND-HAND SMOKING		418
FIRST-AID REFRESHER TRAINING		492
OCCUPATIONAL HEALTH AND SAFETY TRAININGS		10,027
ACCIDENT ROOT CAUSE ANALYSIS		269
OCCUPATIONAL DISEASES TRAINING		80
PUTTING ON PPE, SAFE WORKING AT HEIGHTS ON LATTICE MASTS		4
FIRST-AID TRAINING WITH CERTIFICATION		1,453
CLEANING, HYGIENE AND PROTECTION FROM DISEASES		1,591
TOTAL TRAINING HOURS		19,443

YEDAŞ Occupational Health and Safety Inspections Based on Cities

2019 YEDAŞ OCCUPATIONAL HEALTH AND SAFETY INSPECTIONS BASED ON CITIES	NUMBER OF INTERNAL INSPECTIONS	NUMBER OF COMPANY INSPECTIONS	TOTAL NUMBER OF INSPECTIONS	NUMBER OF NONCONFORMING INSPECTIONS	RATE OF NONCONFORMITIES
AMASYA	3,203	86	3,289	23	0.70%
ÇORUM	5,598	163	5,761	30	0.52%
ORDU	5,034	26	5,060	24	0.47%
SAMSUN	4,985	187	5,172	24	0.46%
SİNOP	1,790	110	1,900	13	0.68%
TOTAL	20,610	572	21,182	114	0.54%

HUMAN RESOURCES MANAGEMENT

Çalık Enerji is well aware that its competent human resources are among the key factors that help maintain its successful performance.



Çalık Enerji formulated its human resources policies and practices based on the values of Çalık Holding.

Çalık Enerji is well aware that its human resources are among the key factors that help maintain its successful performance. The Company regularly conducts activities in a wide range of areas from recruitment to professional and managerial training programs in order to make business processes more efficient.

Çalık Enerji formulated its human resources policies and practices based on the values of Çalık Holding. Utmost attention is paid in order to ensure that every employee adopts, and takes into consideration in each step taken, the values that apply to Çalık Holding and all Group companies: fairness, people-oriented approach, reputation, working from the heart, innovation, agility and sustainability.

Employees

Employee Profile

Number of Employees Based on Fields of Business	2017	2018	2019
Head Office	174	160	130
EPC	321	996	675
Renewable	52	54	59
Distribution and Retail	272	221	212
Sub-Contractor	117	162	124
TOTAL	936	1,593	1,200

Distribution of Çalık Enerji Employees by Age

	TOTAL	EPC			Renewable			Distribution and Retail		
		2017	2018	2019	2017	2018	2019	2017	2018	2019
Employees (TOTAL)										
Senior Management		2	2	2	1	1	1	2	1	1
<30	0									
30-50		2	2	2				2	1	1
>50					1	1	1			
Mid-Level Management		21	7	6	9	9	7	12	12	12
<30										
30-50		18	7	6	7	7	6	10	10	10
>50		3			2	2	1	2	2	2
White Collar (Excluding Management)		227	277	152	42	44	51	258	203	194
<30		22	32	27	8	8	11	74	41	25
30-50		171	196	110	30	33	37	174	158	164
>50		34	49	15	4	3	3	10	4	5
Blue Collar		71	707	106	0	0	0	0	0	0
<30		6	73	10						
30-50		53	536	92						
>50		12	98	4						

HUMAN RESOURCES MANAGEMENT

Our Human Resources Policy

Çalık Enerji aims to address employees' social and cultural needs and raising awareness of corporate culture to increase employee productivity.



Çalık Enerji, aims to follow career planning processes as per employees' competencies and goals and maximize their productivity.

- Establishing an effective and efficient organization by taking employee motivation and loyalty into account, in line with Çalık Enerji's goals and strategies,
- Creating equal opportunities for employees,
- Recruiting right candidates through following effective measurement and assessment methods,
- Formulating HR plans in alignment with the Company's policies and strategies,
- Addressing employees' social and cultural needs and thus raising awareness of corporate culture to increase employee productivity,
- Creating a professional working environment that offers employees improvement and development opportunities,
- Updating employees' professional and personal competencies and hence helping them adopt a lifelong learning and development path,
- Raising the future leaders, who will act as mentors to ensure continuity of Çalık Enerji's goals and future,
- Following career planning processes as per employees' competencies, goals and maximize their productivity.

Processes

Our Human Resources strategy is implemented through the following processes.

Selection tools, the validity and reliability of which are proven, are used to guarantee an impartial selection process.

RECRUITMENT

Çalık Enerji's selection and placement system is basically intended to recruit dynamic team-player candidates who are eligible with their educational attainment, open to change and innovation, have the potential to develop themselves and their business and to teach as they learn. The Company's core principle in selecting and placing candidates is to provide, with no discrimination or privilege, equal opportunities to candidates who have the competencies required by the job and the capacity to embrace and live up to social values.

Applications are examined diligently to recruit the best candidate who is capable of carrying Çalık Enerji to its corporate goals and is equipped with the basic competencies and professional skills. Selection tools, the validity and reliability of which are proven, are used to guarantee an impartial selection process. Personality Inventory and Language Proficiency tests are carried out to get further information about candidates' strengths, rooms for improvement and potentials.

Employee Profile

EPC & RENEWABLE			
Number of New Employees	2017	2018	2019
White Collar	232	230	114
Men	199	218	107
Women	33	12	7
Blue Collar	72	794	135
Men	72	794	135
Women	-	-	-
Age Distribution	304	1,024	249
<30	38	117	45
30-50	225	751	184
50+	41	156	20

YEPAŞ			
	2017	2018	2019
	26	5	9
	13	4	7
	13	1	2
	-	-	-
	-	-	-
	-	-	-
	26	5	9
	21	2	5
	4	2	4
	1	1	

Labor Turnover Rate

Labor Turnover Rate	2017	2018	2019
Head Office	38%	36%	38%
EPC	27%	24%	125%
Renewable	10%	17%	10%
Distribution and Retail	15%	23%	13%

HUMAN RESOURCES MANAGEMENT

Processes

Monthly wages are determined by the Human Resources Department, taking into account employees' assessment levels and experience required by their roles.

Equal opportunities are provided to human resources, who are capable of living up to the corporate goals of Çalık Enerji, in planning regular, effective, continuous and extensive training programs.

MANAGEMENT OF REMUNERATION AND BENEFITS

Wages are paid monthly at Çalık Enerji. Monthly wages are determined by the Human Resources Department, taking into account employees' assessment levels and experience required by their roles. In determining the wages, the HR Department takes the findings of the market research conducted at least once a year and current economic conditions into account.

PERFORMANCE ASSESSMENT

Performance assessments are made annually to measure employees' productivity, identify promotion, career

planning, rewarding and training requirements and to support employee development through feedback in rotations and organizational changes.

TRAINING AND DEVELOPMENT

Equal opportunities are provided to human resources, who are capable of living up to the corporate goals of Çalık Enerji, in planning regular, effective, continuous and extensive training programs. The Company believes that employee development is only possible through continuous learning and training, therefore aims to establish an environment where everybody can learn and flourish continuously.

Training Hours Based on Personnel Categories (Employee-Hour)

EPC & RENEWABLE		
Training Hours Based on Personnel Categories (Employee-Hour)	2018	2019
Senior Management	-	-
Mid-Level Management	26	6
White Collar (Excluding Management)	2,144	207
Blue Collar	14,491	10,545

YEPAŞ		
2017	2018	2019
-	-	9
-	-	116
6,403	975	1,355
-	-	-

Training Hours Based on Personnel Categories (Employee-Hour)

EPC & RENEWABLE		
Average Training Hours Per Employee (Employee-Hour)	2018	2019
Senior Management	-	-
Mid-Level Management	0.62	0.15
White Collar (Excluding Management)	4.60	0.64
Blue Collar	20.02	68.92

YEPAŞ		
2017	2018	2019
-	-	9
-	-	10.55
23.8	4.43	6.91
-	-	-



ORIENTATION

The primary goal of the Human Resources Department is to provide opportunities and guidance for employees to acquire extensive knowledge in their area of expertise and to use the same to develop themselves and their business. New recruits take orientation training, as part of the rules and procedures that help them comply with Çalık Enerji's vision, mission and organizational structure. During the training program, new recruits also acquire the capabilities to start their new job.

CAREER MANAGEMENT

Employees

At Çalık Enerji, there is an ongoing career planning process in place that provides each and every employee with equal opportunities. This process also helps employees to improve themselves in their

respective fields to achieve the future goals of the Company. Promotions are made to ensure coordination between the Company's future goals and employees' goals. Promotions also bring along more power, more responsibilities and higher wages. Employees are expected to have the knowledge and experience required for a higher position in order to be promoted. Career opportunities across Çalık Holding and subsidiaries are also available for employees.

Universities

Çalık Enerji also guides university students to determine their future. The Company participates in career days in order to come together with students, where it shares its knowledge and experience with students and advises them on what to pay attention to while looking for a job after graduation. Furthermore, during the career days job or internship

applications are received from students, who are included in evaluations when the Company looks for interns or new graduates.

We offer new job opportunities to new university graduates through our biyearly Management Trainee (MT) Program coordinated by Çalık Holding. We improve our perspective on our business and create more value with new graduates who want to improve themselves in the field of energy. New employees recruited through this process can transfer to other departments, if there is an available position in line with their career plans.

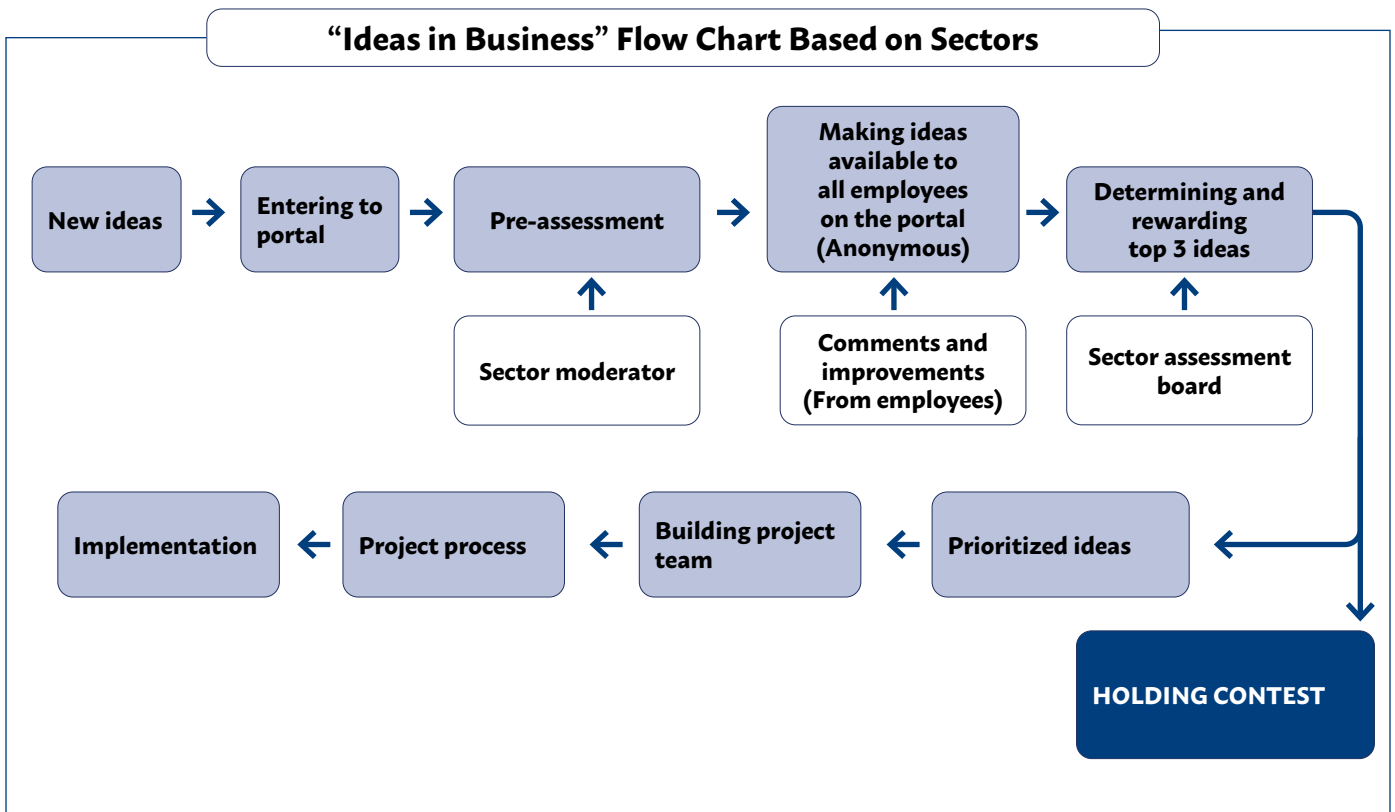
HUMAN RESOURCES MANAGEMENT

Ideas in Business (İşte Fikir)

Çalık Holding has initiated a project called “Ideas in Business” (İşte Fikir) in order to extend innovation culture within the Group and enable employees to contribute to value creation process by sharing their innovative ideas.

Çalık Holding has initiated a project called “Ideas in Business” (İşte Fikir) in order to extend innovation culture within the Group and enable employees to contribute to value creation process by sharing their innovative ideas. Çalık Enerji also participates in the project continuously. This project aims to develop ideas in a participatory way, realize useful ideas and make the employees feel like they are a part of the solution in terms of cooperation, problem solving in collaboration and self-improvement.

The pool of these ideas is also a resource for future innovation projects.



GENDER EQUALITY AND DIVERSITY

Çalık Enerji aims to demonstrate an honest and fair approach towards its employees and provide a safe and healthy working environment.

The company aims to demonstrate an honest and fair approach towards its employees and provide a safe and healthy working environment. In this context, discrimination in our Company against employees based on their language, race, skin color, gender, political view, belief, religion, observance, age, physical disability or other similar characteristics is not allowed in order to create a fair and safe working environment. Diversity is valued. Equal opportunities are provided for equal individuals.

Distribution of Employees by Gender

	TOTAL	EPC			Renewable			Distribution and Retail		
		2017	2018	2019	2017	2018	2019	2017	2018	2019
White Collar	250	286	160	52	54	59	270	215	207	
Men	309	985	259	50	52	59	2	1	1	
Women	12	8	7	2	2	0	116	99	95	
Senior Management	2	2	2	1	1	1	12	12	13	
Men	2	2	2	1	1	1	10	10	10	
Women							2	2	3	
Mid-Level Management	21	7	6	9	9	7	258	203	194	
Men	21	7	5	8	8	7	144	106	102	
Women			1	1	1		114	97	92	
White Collar (Excluding Management)	227	277	152	42	44	51	0	0	0	
Men	215	269	146	41	43	51				
Women	12	8	6	1	1					
Blue Collar	71	707	106	0	0	0	0	0	0	
Men	71	707	106							
Women										

SOCIAL DEVELOPMENT AND INTERACTIONS WITH LOCAL COMMUNITIES

Çalık Enerji keeps creating value for the society and its stakeholders not only through its investments and services but also the employment opportunities it creates and social responsibility projects it carries out in all lines of business.

Çalık Enerji has also completed many projects through the Group Companies that contribute to social development.

SOCIAL DEVELOPMENT

Acting with a sense of social responsibility in all its business activities as one of the essential and constant factors of its management approach and considering its projects in a corporate and strategic framework, Çalık Enerji has completed many projects through the Group Companies that contribute to social development.

Çalık Enerji keeps creating value for the society and its stakeholders not only through its investments and services but also the employment opportunities it creates and social responsibility projects it carries out in all lines of business. Çalık Enerji carries out social responsibility

projects with a sustainable development approach in various fields such as education, innovation, social solidarity, environment, arts and sports. Çalık Enerji continued its social responsibility projects developed for specific countries in need and in the fields deemed necessary in 2019.

LOCAL EMPLOYMENT

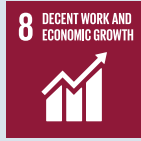
Çalık Enerji values employment of local people for both domestic and foreign projects. In this context, Çalık Enerji assesses competencies and level of knowledge of local community and tries to offer top employment opportunities for these projects.

EPC – Distribution of Local Employees by Country (Person)

NUMBER OF LOCAL ÇALIK ENERJİ EMPLOYEES BY COUNTRY									
	JANUARY 2018	APRIL 2018	JULY 2018	OCTOBER 2018	JANUARY 2019	APRIL 2019	JULY 2019	OCTOBER 2019	DECEMBER 2019
Turkmenistan	2,674	2,409	1,521	959	314	220	226	222	192
Uzbekistan	1,401	2,076	3,717	3,645	3,283	2,808	2,425	1,318	885
Georgia	4	4	4	4	4	4	4	4	4
Libya	3	3	3	3	3	3	3	3	3
Iraq	10	10	10	10	10	10	10	10	10
Malawi		71	96	133	137	154	131	141	133
TOTAL	4,092	4,573	5,351	4,754	3,751	3,199	2,799	1,698	1,227

Number of local employees depends on the scale of a project. Therefore, number of local employees decreases upon completion of projects.





CONNECTION WITH SDGS

Çalık Enerji contributes to the quality of life through the value it creates as a result of its business activities where it operates.



Çalık Enerji contributes to the quality of life through the value it creates as a result of its business activities where it operates. With the capacity of the employer, Çalık Enerji contributes to local employment as well as technical and social infrastructure of the project region. With this approach, Çalık Enerji contributes to the social development goals 1) No Poverty and 8) Decent Work and Economic Growth. Likewise, Çalık Enerji contributes to the social development goal 5) Gender Equality by providing equal opportunities to access knowledge and social facilities through its infrastructure work.

ACHIEVEMENTS

Occupational Health and Safety

Çalık Enerji gives periodical occupational health and safety trainings to all employees within the scope of the Hydroelectric Power Plant Construction Project in Malawi.



MALAWI – OHS

Çalık Enerji gives periodical occupational health and safety trainings to all employees within the scope of the Hydroelectric Power Plant Construction Project in Malawi. In addition to standard OHS trainings, toolbox talks on occupational health and safety are organized 3 times a week. This ensures

that practical information on occupational health and safety are shared personally on the site. This practice aims to reduce occupational accident risks significantly. In order to encourage compliance with HSE rules, employees who fully follow HSE rules on the site are rewarded after the trainings.

Employees who fully follow OHS rules on the site are rewarded after the trainings.

Social Responsibility/Social Development

Approximately 300 people benefit from the well brought into service by Çalık Enerji on September 12, 2019.



MALAWI – TEDZANI REGION SUPPORTING PROJECT – WATER WELL

Local people used to provide potable water by carrying water from the pools and puddles 150-500 meters away from their homes. We have observed that local people used the water they bring to their village in buckets with laundry, personal hygiene and drinking purposes. Supplying water by this method indicated a high risk of diseases due to poor hygiene. These adverse conditions and the risk of disease motivated Çalık Enerji and feasibility studies were initiated to open water well.

After completion of the feasibility study, a company with the experience and equipment necessary for drilling a well in Malawi was contracted. First, a 25-meter deep well was drilled. Then, the teams continued drilling process until reaching 50 meters below the surface level in order to guarantee continuous water flow. Piping works were completed in order to prevent collapse of the well and a water pump system is installed on the surface. This system allowed us to carry water on the surface level.

Samples of water drawn from the well were sent to the Blantyre Polytechnic University in order to determine its suitability to human health. After the approval of the samples, the well was brought into service on September 12,

2019. Approximately 300 people benefit from this well.

Our Well Project offered easy and fast access to healthy water. As the water issue is one of the most important problems faced in the region, this well project is welcomed by the local people. People started to build their new homes near the well.

Economic mobility started in the region with easy access to water. Water facilitated agricultural activities in the region. This empowered local people to meet a certain part of their own needs. Agriculture may become a permanent economic activity and an income-generating field in the region.

YEPAŞ organized a series of events in order to celebrate the 100th anniversary of the savior of the Turkish nation and founder of the Republic of Turkey, Mustafa Kemal Atatürk's arrival at Samsun to initiate the National Struggle with a great enthusiasm and excitement.



YEPAŞ – RAISE THE AWARENESS OF TURKISH YOUTH

YEPAŞ organized a series of events in order to celebrate the 100th anniversary of the savior of the Turkish nation and founder of the Republic of Turkey Mustafa Kemal Atatürk's arrival in Samsun to initiate the National Struggle with a great enthusiasm and excitement. In this context, YEPAŞ initiated its 100 Youths Project on the 100th anniversary. YEPAŞ, in collaboration with the Samsun Governorate Coordination Center, received 100 students from the cities of Ankara and Ardahan as well as their teachers as guests to the events on the day of his arrival in Samsun, 19 May 1919, also celebrated as the "Youth and Sports Day." Putting the sense of Corporate Social Responsibility into practice voluntarily, the project allowed the youths to visit Samsun for the first time, where the Independence War began, and spend this important and special day in Samsun to feel the spirit of May 19, the National Struggle.



YEPAŞ – PROJECT FOR MAKING THE LIFE EASIER FOR THE HEARING-IMPAIRED

YEPAŞ collaborated with Samsun Atakum Hearing Impaired Sports Club for "Silent Map Project." Within this social responsibility project, a database of commercial enterprises employing staff using sign language was created through a software program on web and mobile to help hearing-impaired individuals to overcome their communication barriers. The project was intended to help approximately 8 thousand hearing-impaired people residing in Samsun to receive products and services from those enterprises without facing any barriers in communication and to provide sign language training to enterprises where the staff does not know sign language.

Education

Çalık Enerji runs social responsibility projects in order to contribute to the welfare of the communities and increase the value it creates for the stakeholders.



MALAWI – SUPPORTING EDUCATION

Running social responsibility projects in order to contribute to the welfare of the communities and increase the value it creates for the stakeholders, Çalık Enerji keeps working for a sustainable future. The company works in line with the principles of fairness, people-oriented approach, reputation, working from the heart, agility and sustainability. It builds strong bonds with the communities by developing solutions for local needs through its corporate social responsibility projects.

We have observed that our female colleagues in Malawi Project walk their children to and from a school 1 km away from the site. As a first step, we have provided a school bus for transportation of children. After observing the insufficient facilities and supplies of the school, we have decided to improve the conditions of this school in order to allow the children to get better education.

The school was cleaned and the walls of the school were repaired. Floors were covered and all classrooms were painted. Two blackboards were replaced with whiteboards. Colorful desks and chairs were procured for children, who were previously sitting on the floor during class.

One-year worth of stationery as well as educational materials to develop dexterity of children was supplied. Local people welcomed and supported this renovation on the preschool building. The project created a strong bond with local people.

YEPAŞ – SUPPORTING EDUCATION

Encouraging Children for Reading

Within the scope of the “World Children’s Books Day,” books collected through voluntary support of YEPAŞ employees were gifted to Kurupelik Primary School in Atakum, Samsun. The shelves of the school’s library were painted with the voluntary contributions of employees; colorful desks and chairs for every floor of the school were procured. At the end of the project, unused library shelves stored at the basement of the school were moved to the corridors of the floors, libraries were created on all floors to provide easier access to books.

We choose a school in one of the cities we operate each semester and we prepare books for all students in the school in question in order to encourage their reading skills. We have participated in the semester-end ceremony of Atakum Baruthane Middle School in Samsun and shared the joy of the students. Adopting an approach that prioritizes education, we also try to support the schools and students outside our territory as much as we can. Based on the idea suggesting that the best and most valuable gift is a book, we keep supporting students in order to increase their love of books and increase their skills of reading.

Relations with Public Enterprises

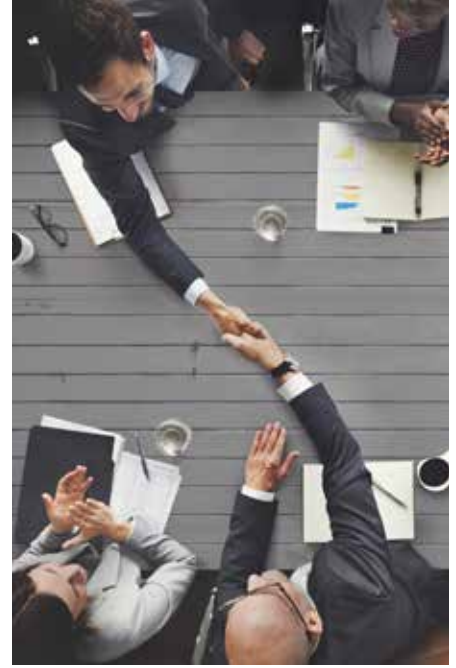


Supporting Preschool Education

We supplied educational toys for preschool students in Arakonak Primary School in Bulanık District of Muş, Turkey to support their education. We supplied and sent educational toys and preschool books to the school which suffers from shortage of educational facilities and supplies due to its location. We tried to respond to the request for help from the teachers of the school, who work under very difficult and challenging conditions, trying their best to meet the needs of their students.

Supporting Repair of Educational Institutions

We completed physical repair and technical infrastructure works of Kızlan Primary School in Alaçam District of Samsun, Turkey. We met basic needs of the old school building, renewed the wiring, painted the school, repaired workshops and made up deficiencies in supplies in order to ensure that our promising children have education in a better environment and have a good time during their spare times. YEPAS employees volunteered to carry out the repair and support works.



YEDAŞ is a member of ELDER, Association of Distribution System Operators, which is found by electricity distribution companies. This non-governmental organization manages the relations with the public on behalf of our sector. This allows all sectoral issues to be discussed and improves the conditions of the sector through the communication with the public.

ENVIRONMENT

Çalık Enerji's primary goal in terms of environmental sustainability is to run its business with minimum ecological footprint.

OUR APPROACH

Aware of its responsibility arising from its presence in an all-encompassing sector with a vast sphere of influence, Çalık Enerji considers sustainability an integral part of its corporate strategy. This is why the Company takes into account environmental performance as much as financial returns while deciding on investments, practices and service development processes.

Çalık Enerji's primary goal in terms of environmental sustainability is to run its business with minimum ecological footprint, pioneering the development of innovative services and solutions of the future and increasing the value created for the environment through R&D efforts and engaging all the stakeholders in its value chain in this approach. Within this scope, the Company brings sustainability to the forefront in all business processes and manages its environmental impact in compliance with international management systems.



ENVIRONMENTAL POLICY

Çalık Enerji observes all relevant local and international laws, regulations and conventions and ensures that these are followed and implemented by the business partners.



Our environmental management system is created in accordance with the ISO14001:2015 standard.

Çalık Enerji abides by the environmental laws and legislations in each country of operation and manages its business activities based on the principle of protecting the environment.

Çalık Enerji observes all relevant local and international laws, regulations and conventions and ensures that these are followed and implemented by the business partners.

Our company pays attention to protection of the environment and takes necessary measures accordingly in all project regions. Our company also monitors sub-contractors closely to ensure this approach is adopted in their business activities.

Our environmental management system is created in accordance with the ISO14001:2015 standard. This system also allows continuous learning and self-development.

With this system, our company aims to:

- Ensure the environmental protection processes are productive and efficient,
- Determine the impacts of business activities on the environment,
- Improve the performance of environmental management system continuously,
- Facilitate reaching strategic goals of the company,
- Establish a corporate citizenship consciousness.

Our Environmental Policy Model:

PLANNING

In the planning phase;

- We aim to identify the employer’s environmental plan requirements for the project as well as the requirements stipulated by environmental regulations, depending on the nature of the investment and the work for EPC projects.
- We aim to identify the environmental protection requirements with the approaches which will not have a negative impact on the living conditions of our stakeholders and the issues covered by the regulations and during EIA (environmental impact assessment) process for our own energy projects.

We determine how to handle the issues discovered in this phase and discuss solutions.

We identify key performance indicators (KPI) within the scope of environmental management for each project and determine the methods for tracking these indicators (headings, tracking frequency).

IMPLEMENTATION

In the implementation phase:

- The personnel receive trainings on the following topics before starting to work.
 - Possible impacts of the project on the environment and how to manage them
 - Water and energy saving measures
 - Information on how to collect, recycle or dispose of the waste and expectations from employees with this regard
 - Fuel management approach
 - Hazardous material and waste management approach
 - Approach for protection of cultural and archeological assets
 - Water use approach
 - Hazardous waste leakage and the measures and practices for preventing leaking of the waste into the soil



- We create a communication plan in order to establish the right communication before and during the project works. This communication plan is developed for both internal and external stakeholders. Purposes of this plan are:
 - To ensure everyone to understand the importance of this matter, to communicate the works performed and to share the results of the activities with stakeholders,
 - To raise awareness of the environmental policy of the company, to support starting a dialog on the environmental policy, practices and results thereof
 - To find out expectations, demands, needs and issues and to take necessary steps in this regard, to support continuous improvement of the environmental management system.
- In order to correctly implement of the environmental policy and follow implementation and performance thereof, all activities carried out within this framework must be reported. This allows us to inform the parties involved and take the necessary steps towards improvement of the implementation performance. These reporting rules apply to all employees and sub-contractors.
- All environment-related incidents must be reported under 5 different classes:
 - Devastating incidents
 - Major incidents
 - Regional incidents
 - Minor incidents
 - Insignificant incidents
- All sub-contractors and service providers must comply with the environmental policy. Necessary inspections and audits are carried out in order to ensure compliance with the policies.

RISK MANAGEMENT

Risk management is made for environmental protection during the course of the business activities.

- Potential environmental risks for each project are identified.
- Control plans for these risks are created.
- Project and operation processes are monitored and inspected according to the risk management plan.

ENVIRONMENTAL POLICY

Çalık Enerji abides by the environmental laws and legislations in each country of operation and manages its business activities based on the principle of protecting the environment.

We adopt a holistic, long-term perspective on energy use during planning phase and pay attention to energy efficiency of the power plants.

ENERGY MANAGEMENT

- Renewable energy resources are preferred for energy generation in order to reduce carbon emissions.
- We adopt a holistic, long-term perspective on energy use during planning phase and pay attention to energy efficiency of the power plants.

WASTE MANAGEMENT

- We create a waste management plan for each project and operation. This plan covers the company's as well as the sub-contractors' activities.
- Employees are informed about the wastes they may generate in their working environments and trained on the procedures to be followed and measures to be taken.
- Wastes are grouped as hazardous and non-hazardous wastes.
- Waste disposal sites are prepared based on the types of waste.
- Recyclable wastes are recycled or given to licensed waste collectors for recycling.
- Hazardous wastes are given to licensed waste collectors.
- Waste water must be treated.
- Measures to prevent leakages are taken.
- Control and inspection plans for all waste management steps are prepared.

AIR QUALITY

- During our projects and operations, especially in construction phase, we cause air pollution. In this context, we take the necessary measures to keep the air pollution under control. We communicate with our stakeholders and take necessary measures in line with the requests and complaints we receive.

WATER AND WASTE WATER MANAGEMENT

- We mind the water use during our projects and other business activities. Each work must be completed using minimal amount of water. All activities must be inspected and water saving opportunities must be identified.
- A water plan is prepared with a holistic approach by taking water need of local stakeholders into consideration.
- We use ground and surface water sources responsibly. Necessary measures to prevent damaging these sources must be taken.
- We take necessary measures to prevent further pollution of waste water. Waste water must be treated and then discharged after decontamination.

NOISE

We pay attention to minimize noise-related problems during our projects by applying engineering solutions and to perform the project works within the prescribed limits.

BIODIVERSITY

We take the necessary measures to protect the biodiversity in our project areas. These measures are towards protection of the vegetation and natural life in these areas. We ensure implementation of the environmental policy by conducting regular inspections within the scope of the environmental protection management plans.



ENERGY MANAGEMENT

Carbon emission is a serious issue in all aspects of the environmental impact resulting from energy generation, a primary field of activity for Çalık Enerji. Therefore, the Company focuses on developing renewable energy projects so as to reduce use of fossil fuels. The recent solar power plant (SPP) projects undertaken by the Company pushed Çalık Enerji to take firmer steps to contribute to optimal use of natural resources.

Power Generation Capacity, by location and resource

POWER PLANTS	RESOURCE	CITY
ADACAMI	HYDROELECTRIC	RİZE
SARPINCIK	WIND	İZMİR
DEMİRCİLİ	WIND	İZMİR
POLATLI	SOLAR	ANKARA
ERZURUM	SOLAR	ERZURUM
ERZİNCAN	SOLAR	ERZİNCAN
AMASYA	SOLAR	AMASYA
ÇORUM	SOLAR	ÇORUM

ENERGY CONSUMPTION

Energy Consumption

ENERGY CONSUMPTION OF POWER PLANTS FOR INTERNAL USE, ÇALIK ENERJİ (kWh)	2018		2019	
	FROM GENERATED POWER	FROM THE POWER GRID	FROM GENERATED POWER	FROM THE POWER GRID
ADACAMI HPP	607,179	15,646	559,799	22,200
SARPINCIK WPP	1,670,978	108,000	1,823,223	118,720
DEMİRCİLİ WPP	2,228,655	192,480	2,436,995	209,800
POLATLI SPP	1,754	7,017	2,560	10,241
ERZURUM SPP	7,140	35,702	7,784	38,921
ERZİNCAN SPP	6,929	35,643	7,620	38,102
AMASYA SPP	9,870	49,354	12,752	63,761
ÇORUM SPP	12,784	63,920	19,683	98,478
TOTAL	4,545,289	507,762	4,870,416	600,223

Energy Consumption – YEDAŞ

YEDAŞ ENERGY CONSUMPTION	2017	2018	2019
ELECTRICAL CONSUMPTION (GJ)	366,551	376,446	363,725
NATURAL GAS CONSUMPTION (M ³)			28,568



CLIMATE CHANGE

Clean energy as a result of its renewable energy investments prevented 167,610.108 tons of CO₂ emission by the end of 2019.

Çalık Enerji prevents carbon emissions during electricity generation processes.

Our company is working for contributing to struggle against climate change, while being affected from the climate change. We utilize renewable energy plants for electricity generation. This way, we prevent carbon emissions during electricity generation processes. We contribute to struggle against climate change in our country. Efficiency of our hydroelectric power plants depend on sufficiency of water and the amount of water depends on precipitation. Climate change has a direct impact on rainfall. Therefore, climate change and the struggle against it are crucial for our company.

Clean energy generated as a result of Çalık Enerji's renewable energy investments prevented 167,610.108 tons of CO₂ emission by the end of 2019.

Especially for hydroelectric power plants, amount of rainfall, rain frequency, timing and drought are key factors in terms of efficiency and safety of the plants. On the other hand, changes in wind structures and differences in the sunlight due to climate change affect our solar and wind power plants.

In addition, climate change is partially responsible for natural disasters. As an electricity distribution company, it is crucial for us to ensure continuous supply of energy to our stakeholders during natural disasters in terms of continuity of life, hygiene and health.

Decrease in emission due to use of renewable energy

STRUGGLE AGAINST CLIMATE CHANGE	2017	2018	2019
Decrease in emission due to use of renewable energy (tons of CO ₂ -e)	144,811.589	158,213.95	167,610.108

Carbon emission (YEDAŞ)

YEDAŞ CARBON EMISSION (TONS)	2019
Carbon Emission	1,590



WASTE MANAGEMENT

Different types of waste are collected in different landfills and relevant authorities are informed regarding the wastes. Recycling or disposal processes are initiated based on this information.

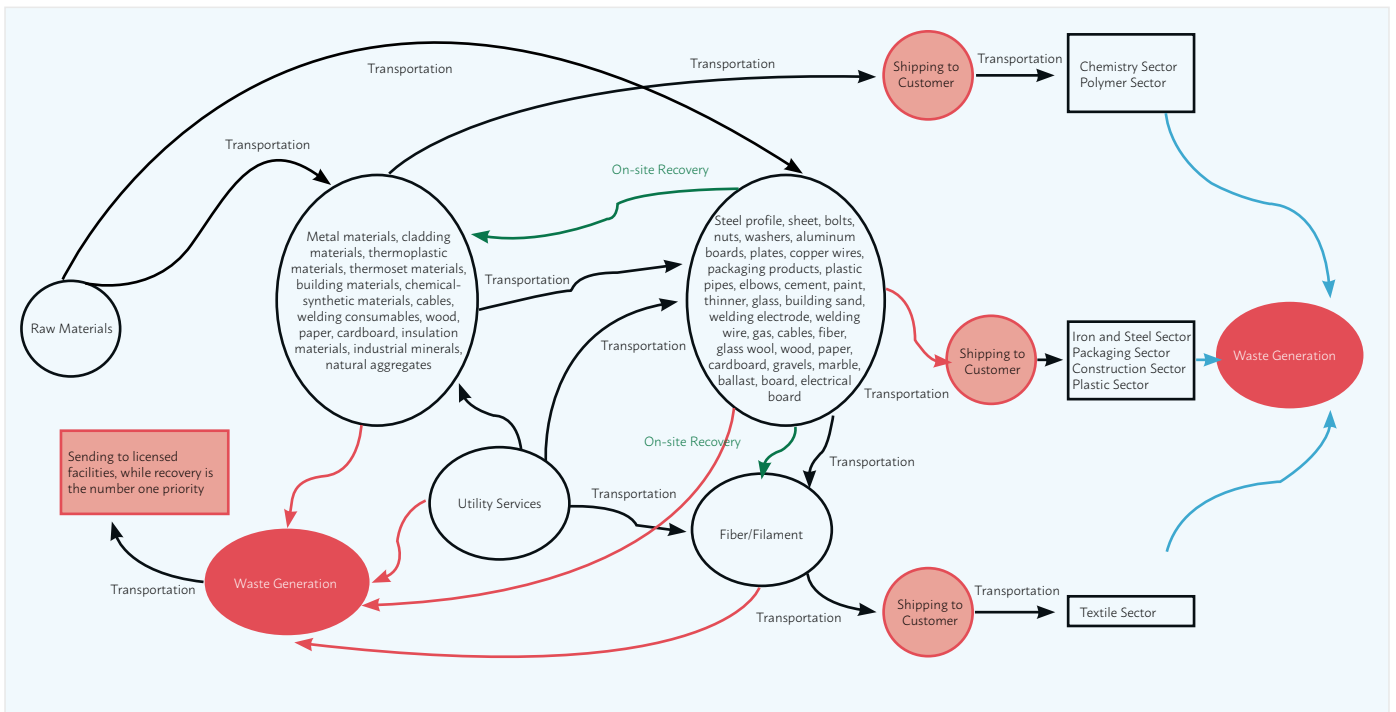
There is no hazardous waste at power plants of Çalık Enerji.

Çalık Enerji also established a waste management system to ensure full compliance with the Company's Environmental Policy and applicable laws regarding disposal of the waste resulting from its activities. Our company plans and realizes its waste management efforts within the framework of life cycle analysis for all business processes. This analysis will determine what type of waste will be generated as a result of which business activities and what type of waste will be recycled or disposed to landfills. Different types of waste are collected in

different landfills and relevant authorities are informed regarding the wastes and recycling or disposal processes are initiated based on this information.

In accordance with the management plans devised as part of the system, the Company tracks the waste at all sites. Waste is then sorted by their applicable class and either recovered or disposed as set forth in legal provisions. There is no hazardous waste at power plants of Çalık Enerji.

LIFE CYCLE STEPS





Oils from the transformers included in the distribution network of YEDAŞ are classified as hazardous waste. These oils must be changed periodically. Sites dedicated for storing these transformer oils and wastes are prepared. These sites prevent contamination of the soil with these oils, thereby preventing pollution.

Office waste of YEDAŞ is fully recycled.

Hazardous & Non-Hazardous Waste (tons)

	2018	2019
RECYCLABLE HAZARDOUS WASTE	244	200
RECYCLABLE NON-HAZARDOUS WASTE	666	755
TOTAL	910	955

YEDAŞ Office Waste (kg)

	2019
PAPER	8,845
GLASS	271
PLASTIC	578
BATTERY	64

YEPAŞ Office Waste (kg)

	2019
PAPER	2,311
GLASS	35
PLASTIC	49
BATTERY	18

WATER MANAGEMENT

Çalık Enerji creates solutions for meeting local people’s needs while being in close communication with the local people.



Water is important for hydroelectric power plants. Hydroelectric power plants have a direct impact on the water situation of the region. It is crucial to meet the water need of local people during construction and operation of these plants. Because, water is also crucial for the regions to be economically resilient and for continuation of life. We create solutions for meeting local people’s needs while being in close communication with the local people. In addition, we work on water saving methods in our plants.

We pay attention to water use while working on EPC projects. Water is an essential resource for construction projects. However, we are aware that water is a communal resource in the project region. Some places experience water shortage while others don't. Çalık Enerji is attentive to have the water use under control at all times. For this reason, water management on construction sites is an important topic.

Water management in renewable energy investments, especially in hydroelectric power plants, is crucial. Water management is as important for the company as it is for the local people who live and do farming around the hydroelectric power plant. Supplying enough water to meet the needs of local people is also important in terms of corporate values.

Water Consumption (YEDAŞ)

YEDAŞ WATER CONSUMPTION	2017	2018	2019
YEDAŞ WATER CONSUMPTION (M ³)	2,395	2,750	2,769

AIR QUALITY

We take necessary measures towards construction works in order to increase the quality of life of the local people and prevent causing any health problems.



Construction processes will cause air pollution due to demolition and excavation works as well as concrete plants. This will have negative impacts on the health and quality of lives of local people. For this reason, we take necessary measures towards construction works in order to increase the quality of life of the local people and prevent causing any health problems.

BIODIVERSITY AND PROTECTION OF NATURAL HABITAT

We pay attention to protect the environment at construction and operation phases of power plants (hydroelectric, solar and wind).



Çalık Enerji works in compliance with the environmental rules set forth in contract specifications for EPC projects.

Protecting biodiversity is crucial for our power plant construction and energy distribution works. We mind and prioritize protection of the environment and the natural habitat in order to ensure business continuity and to comply with our core values.

We work in compliance with the environmental rules set forth in contract specifications for EPC projects. We pay attention to protect the environment at construction and operation phases of power plants (hydroelectric, solar and wind).

A part of our electricity distribution lines passes through forests due to the site characteristics. We perform regular maintenance work in order to prevent fire hazard created by the transformers in forest areas.



ENVIRONMENT



CONNECTION WITH SDGS

Çalık Enerji adopts the principle of minimizing environmental impact during its projects at all scales and locations and uses the opportunities that will provide permanent value.



Çalık Enerji adopts the principle of minimizing environmental impact during its projects at all scales and locations and uses the opportunities that will provide permanent value. Diligent approach to its practices and the sense of sustainability in the environmental balance, Çalık Enerji contributes to the goals 6) Clean Water and Sanitation, 7) Affordable and Clean Energy and 13) Climate Action.

ACHIEVEMENTS

YEDAŞ replaced plastic cups with glasses and eliminated its negative impact on the environment by recycling approximately 5 tons of waste in 3 years.



EPC – MOVING TREES IN UZBEKISTAN

Trees on the construction site of Tashkent Central Park Project in Uzbekistan were moved to another location.

76 trees that were recorded during the site survey were moved to another location determined in collaboration with the Uzbek Government and necessary care was given to the trees.

YEDAŞ – ENERGY EFFICIENCY SEMINARS

YEDAŞ organizes “Energy Efficiency Seminars” for 2nd and 3rd grade students within the scope of the company’s efforts towards a sustainable future.

The company reached up to 1,000 students in various cities where the seminars are organized in collaboration with the Turkish Ministry of National Education. The story book called “Energy Team” designed by YEDAŞ is handed out to students.

YEDAŞ – “ZERO WASTE” GOAL

Being inspired from the Zero Waste Project initiated by the Ministry of Environment and Urbanization, YEDAŞ stopped the use of plastic cups in its offices and prevented the use of approximately 1 ton plastic cups every year by replacing them with glass water bottles and cups.

Waste Management efforts allowed the company to recycle approximately 5 tons of waste in 3 years.

ECONOMY

Çalık Enerji prioritizes sustainable profitability, customer satisfaction, supply chain management, and innovation and digitalization to ensure economic sustainability of the company.

OUR APPROACH

Çalık Enerji prioritizes following topics to ensure economic sustainability of the company:

- Sustainable Profitability
- Customer Satisfaction
- Supply Chain Management
- Innovation and Digitalization



SUSTAINABLE PROFITABILITY

Çalık Enerji's continuity is important for its own employees as well as the local people and states due to the company's potential economic impact in its project territory.



Çalık Enerji emphasizes project management to ensure sustainable profitability.

We must achieve sustainable profitability in order to create sustainable value for all our stakeholders and ensure continuity of our company. The company's continuity is important for its own employees as well as the local people and states due to the company's potential economic impact in its project territory.

We emphasize project management to ensure sustainable profitability. Projects can be completed in time and within the estimated budgets by planning the resources and the processes correctly. Continuity and sustainable profitability of the company can be achieved by completing projects in time, in compliance with applicable standards and estimated budgets.

In EPC and Renewable Energy projects, project management requires efficient use of time starting from the tendering process to project delivery.

It is key for us to ensure sustainable profitability in our EPC projects to do a planning by making correct assumptions before undertaking projects, joining tenders that are suitable for the company in terms of profitability, doing the right planning after being awarded the project, using the right resources on the right time. The company must review the profitability of each power plant project in detail after obtaining the necessary licenses. Because, continuity of the company can only be ensured with profitable operations.

Another key factor in project management is collaborating with the stakeholders to manage the projects in terms of environmental protection and social issues. This approach aims to complete the plants in time and generate favorable results for all our stakeholders.

CUSTOMER SATISFACTION

YEPAŞ establishes its business processes based on a sustainable customer satisfaction principle and maintains its solid and successful business efforts in order to provide fast and respectable services to its customers.



Main prerequisite of sustainable profitability is business continuity. This can only be achieved by maintaining our projects by ensuring customer satisfaction and undertaking new projects.

Çalık Enerji's business continuity and ability to undertake other EPC projects depend on ensuring customer satisfaction. For this reason, it is important for our company to complete projects on time, in compliance with national standards and in good relations with local communities while protecting the environment and contributing to the local economy. We establish a regular communication to ensure customer satisfaction in EPC projects and succeed by prioritizing our projects with the employer.

Electricity distribution and retail companies must be separated and operate as independent legal entities as per the regulations in Turkey. For this reason, the group company YEDAŞ is responsible for electricity distribution processes while the group company YEPAŞ is responsible for retail sales of electricity.

Offering quality, reliable, continuous and affordable electricity, which is an essential part of our lives, to its customers, our retail company YEPAŞ establishes its business processes based on a sustainable customer satisfaction principle and maintains its solid and successful business efforts in order to provide fast and respectable services to its customers.

Çalık Enerji's business continuity and ability to undertake other EPC projects depend on ensuring customer satisfaction.

CUSTOMER SATISFACTION

Customer satisfaction researches conducted by YEDAŞ indicate that customer satisfaction rates of the company are above the average in Turkey.



Çalık Enerji makes improvements on various processes with GHOST method.

Offering innovative and customer-oriented marketing and sales services to its customers, YEPAŞ develops products, services and solutions based on the needs of its customers through its high-end technological infrastructure. The company invests in and utilizes the most advanced information system hardware and software infrastructure in the electricity retail sector. Although prices seem, at the first glance, like the most important factor for supply of electricity, supplier's experience in the market, knowledge and pre- and post-sales service quality are also crucial. YEPAŞ recognizes the sectors in which its customers operate and offers

products and services specific to their needs by making the right analyses.

Selling electricity to industrial and commercial customers with the capacity of free consumers, YEPAŞ also shapes the sector with effective solutions it creates by tracking the needs of its customers, considering rapidly-changing market dynamics. The company supports business activities of its customers with an approach based on not only prices but also customer satisfaction.

The company continuously makes improvements in order to ensure that the electricity bills of the customers are issued correctly and in time, will be delivered to the consumers as soon as possible and can be paid through alternative channels in a fast way and without an additional charge.

Customer satisfaction researches conducted by YEDAŞ indicate that customer satisfaction rates of the company are above the average in Turkey.

We emphasize customer satisfaction to make sure that our company operates without damaging its reputation or having any problems with the stakeholders throughout distribution operations. We make customer satisfaction surveys regularly and make improvements on various processes with GHOST method.

Customer Satisfaction Chart

YEDAŞ CUSTOMER SATISFACTION LEVELS	2018	2019
Turkey's Satisfaction Index %	44.27	46.58
YEDAŞ Satisfaction Index %	46.55	48.33

RESPONSIBILITY IN VALUE CHAIN

Having suppliers follow codes of conduct and supply goods that are at required standards is crucial for carrying out the projects smoothly and in time.

Suppliers, sub-contractors and logistics service providers are expected to work in compliance with the rules set forth by the company. This approach guarantees occupational health and safety as well as environmental protection both in construction and operation phases. Working with this approach allows us to increase corporate trust and protect corporate reputation.

Having suppliers follow codes of conduct and supply goods that are at required standards is crucial for carrying out the projects smoothly and in time.

Sub-contractors work as service providers on many different sites. It is important for these sub-contractors to follow occupational health and safety rules and establish good relationships with our stakeholders in terms of business continuity and reputation of our company.

Logistics services are important for transporting large materials and equipment to the construction sites during construction and power plant building processes without damaging the environment. Çalık Enerji diligently monitors these processes and tries to keep the risks under control.

Working with the right suppliers in EPC projects is essential for managing the project as planned and procuring materials that are in compliance with the quality standards. On the other hand, having our suppliers work in compliance with our procurement rules is important for our company. Working with suppliers that comply with our procurement rules is important for establishing and protecting corporate trust.

It is not possible to complete all the works within the scope of construction projects by utilizing only the means of our company. We have to work with sub-contractors during various phases of a project. Sub-contractors work on the construction sites. For this reason, it is crucial to have sub-contractors strictly follow construction site rules, especially the ones regarding occupational health and safety. This is important both in terms of employee health and business continuity.

Logistics services are important for us from three different aspects. First, these services allow us to bring materials on the project site on the right time with the right planning. This is crucial in terms of business continuity, completion of the project in time and sustainable profitability. Second, large materials and equipment must be transported to the construction site with minimum impact on the environment. Third, vehicles used for logistics services must have minimal carbon emission. Considering these factors, it is evident that we have to work with the right business partner in any given project area. The right business partner is the logistics company that has the highest compatibility with Çalık Enerji's standards for a given area.

SUPPLY POLICY

Çalık Enerji aims to provide the best solutions in terms of cost and quality. Optimization is essential for the company's success.

Çalık Enerji inspects its suppliers on essential ethical matters before working with them. The supplier is included in the vendor list if the company satisfies stipulated conditions after these inspections.

Suppliers are expected to pay attention to anti-corruption, protection of human rights, employee rights and environmental issues. All reviews and inspections up to the present day were carried out by Çalık Enerji personnel.

Sub-contractors are regularly inspected in terms of their compliance with human rights, employee rights and environmental protection rules on project sites.

INNOVATION AND DIGITALIZATION

The common feature of all Çalık Enerji investments is that they adopt a people-oriented approach that puts high technology in the center.

Placing great emphasis on the evolving renewable energy sector, the Company closely monitors new trends that will shape the sector such as Industry 4.0, digitalization, storage systems, and smart grids.

Çalık Enerji envisages that the future of the energy sector will be defined by value-added, innovative and environmentally friendly technologies that will boost efficiency. It is through this vision that the Company shapes its operations and pioneers groundbreaking practices by making R&D and innovation investments in the light of emerging trends.

Placing great emphasis on the evolving renewable energy sector, the Company closely monitors new trends that will shape the sector such as Industry 4.0, digitalization, storage systems, and smart grids and tests the use of such technologies in its new projects, striving to create new business models and seeking ways to offer distinctive projects to its customers.

The common feature of all Çalık Enerji investments is that they adopt a people-oriented approach that puts high technology in the center. The Company successfully aligns its business processes with the transformation triggered by new technologies and digitalization. It is thanks to this approach that Çalık Enerji improves its competitive power, customer satisfaction, cost effectiveness and operational excellence.

Digitalization and technological advancements may cause changes in business processes and working models. This is important for both the customers and in terms of productivity and profitability of the company.







CONNECTION WITH SDGS

Çalık Enerji runs the management systems that can improve its infrastructure for effectiveness and profitability of the business as well as financial and human resources and can guarantee sustainability of the company to begin with.



Çalık Enerji runs the management systems that can improve its infrastructure for effectiveness and profitability of the business as well as financial and human resources and can guarantee sustainability of the company to begin with. Çalık Enerji created a sustainable growth atmosphere with the trust established between its employees, customers and stakeholders. The company is able to implement the advanced understanding and technological applications on infrastructure projects by monitoring and adopting the innovations and developments on the field. Having this point of view, Çalık Enerji contributes to the goals 8) Decent Work and Economic Growth, 9) Industry, Innovation and Infrastructure and 11) Sustainable Cities and Communities.

ACHIEVEMENTS

We saved energy by considering the consumption of printers procured for the Holding Companies.



SUPPLY CHAIN APPLICATIONS

Logistics cost affects the process of comparing supplier prices. As the logistics cost influences our purchasing decisions, we prefer the closest supplier from the most suitable country, which is directly related to fuel consumption and environmental protection.

We prefer vessels and collective shipment, instead of trucks, whenever possible. The goal with this approach is to reduce fuel oil consumption, number of vehicles in traffic and carbon emissions.

We also saved energy by considering the consumption of printers procured for the Holding Companies. In addition, we were able to minimize the paper consumption by installing card readers on printers, thereby protecting the natural resources and equities.

Following parameters for choosing suppliers are recorded on our assessment forms. These parameters will be considered during supplier assessment processes after the pandemic (such as avoiding child labor, number of women in the workplace, quality certification on protecting the environment, use of filters etc.).

We were able to minimize the paper consumption by installing card readers on printers.

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