



TEKFEN HOLDING

2022

SUSTAINABILITY REPORT



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ABOUT THE REPORT

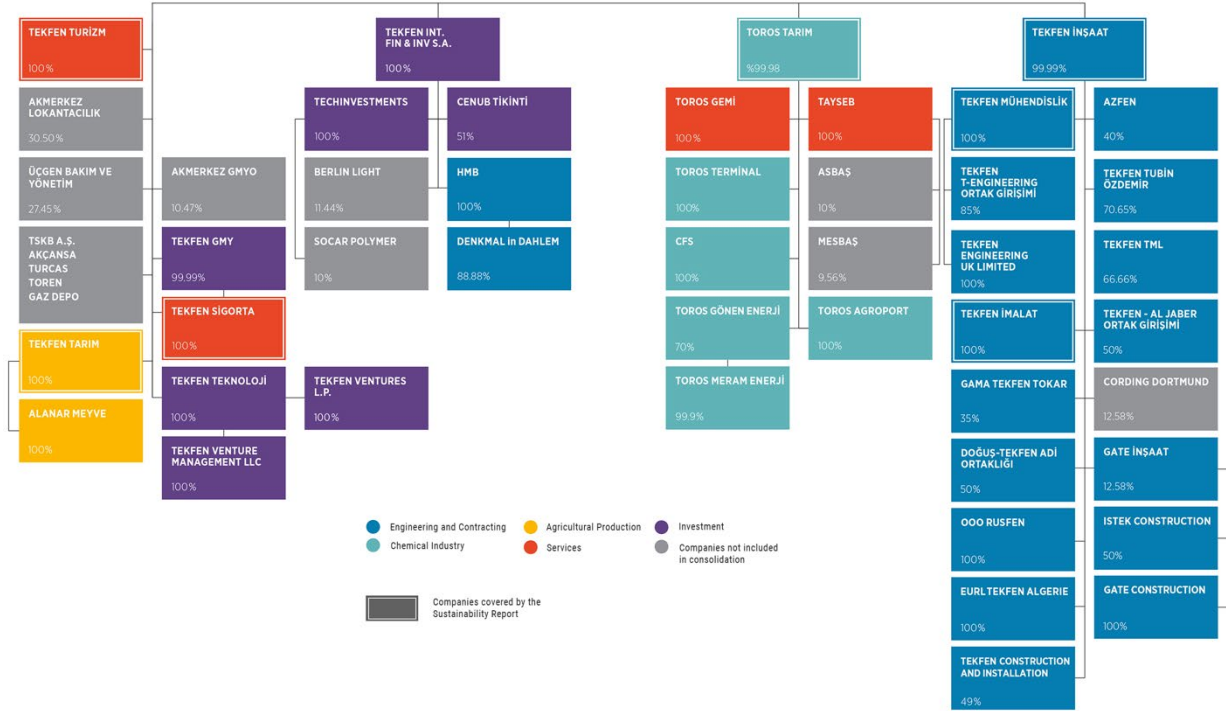
This report, the fifth of Tekfen Holding A.Ş.'s (Tekfen) annual Sustainability Reports, shares Tekfen's "Bridging Prosperity" vision, sustainability priorities, goals, and performance.

The report has been prepared in accordance with GRI Standards for January 1–December 31, 2022. The report also includes progress under the United Nations Global Compact.

Tekfen Holding adopts all of the Sustainability Principles published by the Capital Markets Board of Türkiye (CMB) and includes information about the principles that are complied with or partially complied with in its Annual Report.

With this report, Tekfen Holding aims to fully comply with the Sustainability Principles Compliance Framework and reports its detailed approach and performance in line with the Sustainability Principles.

SCOPE



This report covers the period between January 1 and December 31, 2022, and includes data from the Engineering and Contracting Group (Tekfen Construction, Tekfen Engineering, Tekfen Manufacturing), Chemical Industry Group (Toros Agri), Agricultural Production Group (Tekfen Agri), and Services Group (Tekfen Insurance, Tekfen Tourism) of Tekfen Holding.* Investment Group (Tekfen Ventures) data is not included in the report; the Group's good practices are included instead.

Occupational Health and Safety (OHS) data in the report includes the projects, workplaces and facilities of the companies classified as dangerous and very dangerous according to the NACE code. Subcontractors are included in all OHS data. The same rules apply and the same OHS opportunities are presented for all employees of Tekfen and its subcontractors, and the performance indicators for all employees are reported together. All environmental data include projects, workplaces, and facilities of operationally controlled companies.

Feel free to send your comments and suggestions regarding the Sustainability Report to surdurulebilirlik@tekfен.com.tr.

* These companies account for approximately 88 percent of Tekfen Holding's consolidated turnover.

1

BRIDGING PROSPERITY

Why “Bridging Prosperity”?

Tekfen Group is one of the essential building blocks of the Turkish economy; the Group has been creating value and jobs for 67 years. We have been pursuing excellence in all areas with the motto “Do what you know best in the best way possible,” since the very first day. With another motto, “The future belongs to those who build it,” we build our business culture around people, social benefit, and the environment, and continue our activities for a sustainable future.

As our main lines of business, contracting and agriculture both “bridge prosperity.” At the Engineering and Contracting Group, we contribute to the development of countries with infrastructure projects such as highways and pipelines, industrial facilities such as refineries and terminals, and superstructure projects such as stadiums and high-rise buildings. We build facilities and undertake projects that meet the vital needs of societies and raise their living standards.

We provide quality resources to our farmers with high-quality and disease-free seeds and saplings, which are essential for quality production in agriculture. We also provide a much higher yield to farmers with our production of plant nutrients, which are key elements of food security. While supporting agricultural production with our fruit orchards, we supply fresh fruits to tables in many countries around the world.

The buildings we construct as part of our real estate development activities offer safe, comfortable, and environmentally friendly living and working spaces to tens of thousands of people.

With the Tekfen Foundation, we provide scholarships to successful young people to give them a brighter future and add value to social life with our initiatives for culture and arts.

We strive to build a brighter, more prosperous, and more sustainable future with all our activities, practices, priorities, and goals.

We regard human life as our top priority, and we aim to minimise our overall impact on the environment. We strive to constantly improve ourselves and make investments that will

enable us to use our resources in the most efficient way possible. We closely follow the megatrends that are rapidly transforming our world, such as the climate crisis, population growth, demographic and social change, urbanisation, and technological developments. Besides integrating digital transformation and innovation into our business, we also allocate resources to initiatives that will enhance our activities with new technologies. We are proud to be setting an example for our industries with our good practices and remarkable performance in occupational health and safety.

As a Group that serves the welfare and development of societies with deep historical roots, our primary responsibility is to become a pillar of a sustainable future. There are no better words than “Bridging Prosperity” to express our quest for sustainability!

1. Message from the Chairman

Dear Stakeholders,

Just as the world was attempting to heal the wounds incurred from the COVID-19 pandemic, we saw the emergence of a plethora of issues. The recent global instability persisted in 2022 as the Russo-Ukrainian War broke out early in the year. In addition to its effects on the economy, the Russo-Ukrainian War raised concerns for food security since both countries are global suppliers of basic foodstuffs such as barley, wheat, and corn. Combined with the climate crisis, the number of citizens facing acute food insecurity increased from 135 million in 2019 to 345 million in 2022.

The 2022 Sustainability and Human Development Report published by the United Nations Development Programme (UNDP) highlights the concerns caused by the rapidly changing geopolitical environment, conflicts, increasing poverty, insecurity and multi-layered and chronic global uncertainty, while addressing the risks posed by the climate crisis and the deteriorating ecological balance. It is estimated that the economic losses caused by the climate disasters that took place around the world in 2022 amounted to nearly \$270 billion.

Fixing this negative outlook depends on the global acceleration of the fight against climate change. To reach the 1.5°C target, the world must reduce annual CO₂ emissions by 48 percent by 2030 and reach net zero by 2050, while cutting methane emissions by a third by 2030 and nearly halving it by 2050. However, despite all warnings, emissions continue to rise in every industry.

The business world plays a key role in developing solutions to stop climate change. On the road to a low-carbon economy, a clear and coherent climate policy must be established based on dialogue and global cooperation among all stakeholders for action and investment purposes.

At Tekfen, we believe that our efforts towards the Carbon Net-Zero Roadmap are imperative for the future of our Group and the world. Thanks to these efforts, we became one of the 53 companies in Turkey to score a “B” in the CDP’s Climate Change Program in 2022. As for the Water Security Program, we ranked 103rd among the 2,437 companies worldwide with our “A” rating.

We continue to review the business processes of our Group Companies thoroughly to boost their adaptive capacity to climate change’s negative impacts and align them with our carbon-free goal. We prepare our roadmaps in accordance with regulations such as the EU Green Deal, Carbon Border Adjustment Mechanism and Emissions Trading System and take concrete steps in line with their requirements. Through the various projects and R&D activities carried out in our Group Company Toros Agri, which operates in an emission-intensive industry, we improve the production process and the product itself. We believe that adapting to today’s rapidly changing market conditions and integrating business models supporting a sustainable future into our corporate culture serve as opportunities for the success of Tekfen Group Companies.

I would also like to touch on the earthquake disaster that struck our country in February 2023. At Tekfen, we mobilized all our resources immediately to reach out to millions of affected citizens and to help heal the wounds caused by the earthquake, which occurred in an area where we operate rather extensively. In coordination with the Disaster and Emergency Management Presidency (AFAD), we quickly sent the construction machinery, generators, transportation vehicles and various other equipment at our factories and facilities in the region to the areas in need. Many of our friends personally participated in search and rescue activities, and our employees in remote areas also started an aid campaign for the urgent needs of the earthquake victims. I would like to express my sincere thanks to all my colleagues for their selfless efforts at a time when our country needed cooperation the most.

Just like last year, Tekfen’s 2022 Sustainability Report was prepared entirely in the digital environment. All the projects and practices in this report summarise the work we have done and the steps we have taken for a better and more sustainable world in line with the values and sense of responsibility that have guided us since day one. As always, we would like to thank all our stakeholders and shareholders who joined us on this journey for their continued support.

Sincerely,

Zekeriya Yıldırım
Chairman of the Board of Directors

2. Message from the President

Dear Stakeholders,

As the world continues to suffer the negative consequences of the pandemic and the Russo-Ukrainian War, the sustainability agenda maintains its priority in addition to the economic and political agenda. In addition to global problems such as high inflation, disruptions in supply chains, energy bottlenecks, slowdown in global trade and stagnation, extreme climate events that have increased in recent years continue to threaten our planet. Most climate-related disasters, which affect hundreds of millions of people every year and cause major loss of life and economic damage, bring along various issues that affect the masses, including poverty, social injustice, water and food crises, infectious diseases, refugee crises and increasing conflicts.

These issues come to the fore in the World Economic Forum's 2023 Global Risk Report. As stated in the report, the situation will continue to worsen over the next 10 years, unless we as humanity begin to cooperate more effectively on climate change mitigation and climate adaptation. Failure to act on and adapt to climate change (failures in the reduction of emissions, water consumption, pollution, plastics, etc.), natural disasters, loss of biodiversity and environmental degradation represent five of the top 10 risks. It is believed that biodiversity loss will be one of the fastest worsening global risks in the next 10 years.

At Tekfen Holding, our main fields of operation are affected by factors beyond our control, such as economic and political developments and climatic events, which increase our risks. Additionally, global megatrends lead us to constantly review our activities and take agile steps to adapt to new conditions. By closely monitoring the changes in our two main industries, contracting and agricultural industry, we both ensure the sustainability of our current business and evaluate new investment opportunities in sustainable areas, especially in renewable energy.

The vision of "Bridging Prosperity," which forms the framework of our Group's sustainability strategy, represents the positive effects of our activities on human life and wellbeing. However, while making this positive impact on the welfare of societies, it is imperative that we minimise our impact on the ecological system. The "Tekfen Net-Zero Roadmap" established in 2021 guides our efforts to align all activities of our Group Companies with our carbon-free goal. In 2022, we accelerated these efforts to achieve net-zero emissions by 2030. This issue is especially important for the future of Toros Agri, as agriculture is one of the industries affected by the "Carbon Border Adjustment Mechanism." We implement measures and investments that will reduce carbon emissions in all of Toros Agri's facilities and activities. Thanks to the new filtering system we are installing at the

Nitric Acid Production Facility, we are expecting to achieve a reduction of 80 to 85 percent in N₂O (nitrous oxide) emissions, which play a major role in climate change.

Reducing emissions in the transport industry is also vital for a net-zero economy. Sustainable biofuels, low-emission hydrogen and derivatives are the leading fuel alternatives for reducing carbon emissions from land, sea and air transportation. The ESCALATE project, supported by the European Commission's Horizon Europe program involving Tekfen Engineering, aims to achieve zero emissions in heavy-duty vehicles with hydrogen fuel. As part of the project, Tekfen Engineering is responsible for the planning, construction and operation of a mobile hydrogen refueling station, and the preparation of a hydrogen refueling standard. Tekfen Engineering also handles all engineering works for the solar field of the Italian pasta brand Barilla, who initiated the EU-supported HiFlex Project together with 11 companies from seven countries to reduce carbon footprint in production.

Last year, our Group continued its investments and efforts for new technologies and innovation, which are key components of sustainability. Our R&D Centres operating under Toros Agri and Tekfen Agri continued to support sustainable agriculture with fertilizer, seed and seedling studies. Most recently, in 2022, Tekfen Ventures incorporated the new biotechnology venture Laverock, which aims to employ cell and gene therapy to treat various critical diseases, into its portfolio. Within the same year, the cooperation between the Tekfen Ventures investment Petra, a company working on no-contact tunnelling technologies, and Tekfen Contracting Group proved the possibilities of advances in our operating areas through innovative solutions and technologies. Another Tekfen Ventures investment, Phospholutions, continues to successfully cooperate with Toros Agri on field tests while Tropic Biosciences works with Agripark R&D Centre on banana saplings. Our Group aims to expand such value-creating synergies in other lines of business through Tekfen Ventures.

We support the active participation of women in the workforce for a sustainable society and local development. One of the most valuable initiatives in this field is the "Women Farmers Loan" project, which aims to empower women socially and economically by increasing the population of educated and conscientious women farmers in agriculture. To this end, Toros Agri works together with Tekfen Foundation and the Waste Prevention Foundation of Turkey to encourage women entrepreneurs aspiring to work in agriculture yet lacking the financial sources to launch a business. The project provides financial support to women farmers through micro loans, while Toros Agri plays a key role as a field application partner in the training of women farmers. Social impact analysis of the first year of the "Women Farmers Loan" project showed that each lira invested in the project yielded 6.60 lira worth of social benefit. This valuable project was awarded in the "Cooperation: B2NGO Cooperation" category of the Sustainable Business Awards 2022 as the only finalist.

Efficient resource use is one of the vital building blocks of a sustainable future. At Tekfen, we constantly review our business processes to increase efficiency, while reducing resource consumption in all areas. We continue to carry out Scope 1 and 2 investments to achieve the net-zero target as well as digital transformation, customer experience, and R&D investments. Besides integrating digital transformation and innovation into our business, we also allocate resources to initiatives that will enhance our activities with new technologies. According to our new five-year strategic plan, decarbonisation, green energy, green hydrogen, green ammonia, and carbon capture, storage and use will form the third growth direction of our Group. We plan to include various cooperation opportunities in our business model through the “Tekfen Renewable Energy Solutions Company” we will establish to operate in this field.

At Tekfen, we will continue to move decisively on the path we set out for a more liveable world and a better future. The support of our stakeholders in achieving our goals will continue to be our biggest source of strength and motivation.

Sincerely,

Hakan Göral
President, Tekfen Group Companies

3. About Tekfen Holding

Established in 1956 by civil engineers Feyyaz Berker, Nihat Gökyiğit, and Necati Akçağlılar, Tekfen Group is one of the essential building blocks of the Turkish economy with the value it adds and the jobs it creates. Traded on the BIST 30 Index and the BIST Sustainability Index, Tekfen Holding carries out its activities with 38 companies and 13 subsidiaries that are highly reputable in their respective industries, with operations in five main areas of activity: Engineering and Contracting, Chemicals, Agricultural Production, Services, and Investment. As one of Türkiye’s most respected brands thanks to the values it stands for and the high recognition it enjoys, Tekfen Holding builds its business culture on people, social benefit, and the environment, and continues its activities in line with the principle of growth by sustainable profitability.

- 4,866 employees
- 5,152 suppliers
- 7,787 customers
- R&D budget of 73 million TRY

Engineering and Contracting Group

Tekfen Engineering and Contracting Group is a flagship Turkish brand that successfully represents the national contracting industry worldwide, with nearly 7,000 employees and more than 2,200 completed projects to date. The Group undertakes a significant portion of its projects abroad as a solution partner preferred by the world's leading companies. This trust comes from the Group's vast experience and know-how across different industries, its uncompromising commitment to global quality standards, its sustainability-oriented approach, and a business model founded on the principle of keeping promises.

With tremendous experience in a wide range of areas, the Group carries out its activities on the basis of EPC (Engineering, Procurement, Construction) and Design & Build, and provides its customers with turnkey solutions for various facilities, such as pipelines, oil and gas terminals, tank farms, oil refineries, offshore oil rigs, pump and compressor stations, power plants, industrial plants, petrochemical plants, highway and subway projects, sports complexes, and superstructure and infrastructure projects.

- 3,751 employees
- 729 suppliers
- 59 customers

Tekfen Construction and Installation, Inc.

Tekfen Construction, as the flagship company of the Group, is a well-established Turkish contracting company with a 67-year history. It is also a globally preferred business partner thanks to its extensive professional experience, know-how, and values.

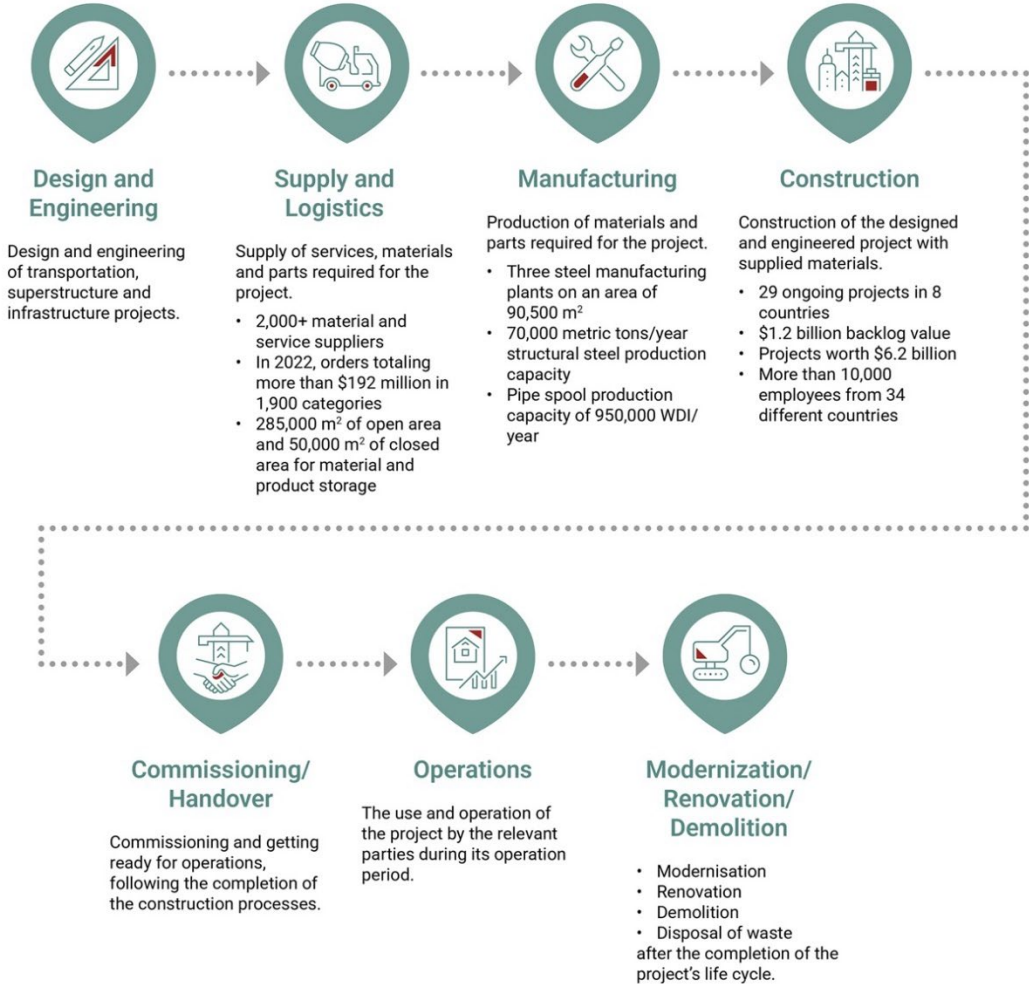
Tekfen Engineering, Inc.

Providing engineering design, procurement, and project management services for both internal and external projects, Tekfen Engineering, Inc. is one of Türkiye's largest multidisciplinary engineering companies with a strong staff of 450 people. The company is a competent solution partner in large-scale Engineering, Procurement, Construction (EPC) projects, Engineering, Procurement, Construction Management/Supervision (EPCM) projects, and Design & Build projects. It leverages the experience it gained in numerous domestic and international projects that were technologically challenging and required extensive know-how.

Tekfen Manufacturing and Engineering, Inc.

Tekfen Manufacturing was established in 1970 to produce storage and process equipment by international standards for the petroleum, petrochemical, and chemical industries, as well as for industrial facilities, such as gas plants, iron and steel plants, and power plants. In addition to Tekfen Group, Tekfen Manufacturing’s customers include international contracting firms, refineries, petrochemical, chemical, and fertiliser plants, and domestic and foreign companies engaged in LPG storage and distribution.

TEKFEN CONSTRUCTION VALUE CHAIN



Chemical Industry Group

Toros Agri Industry and Trade, Inc. (Toros Agri)

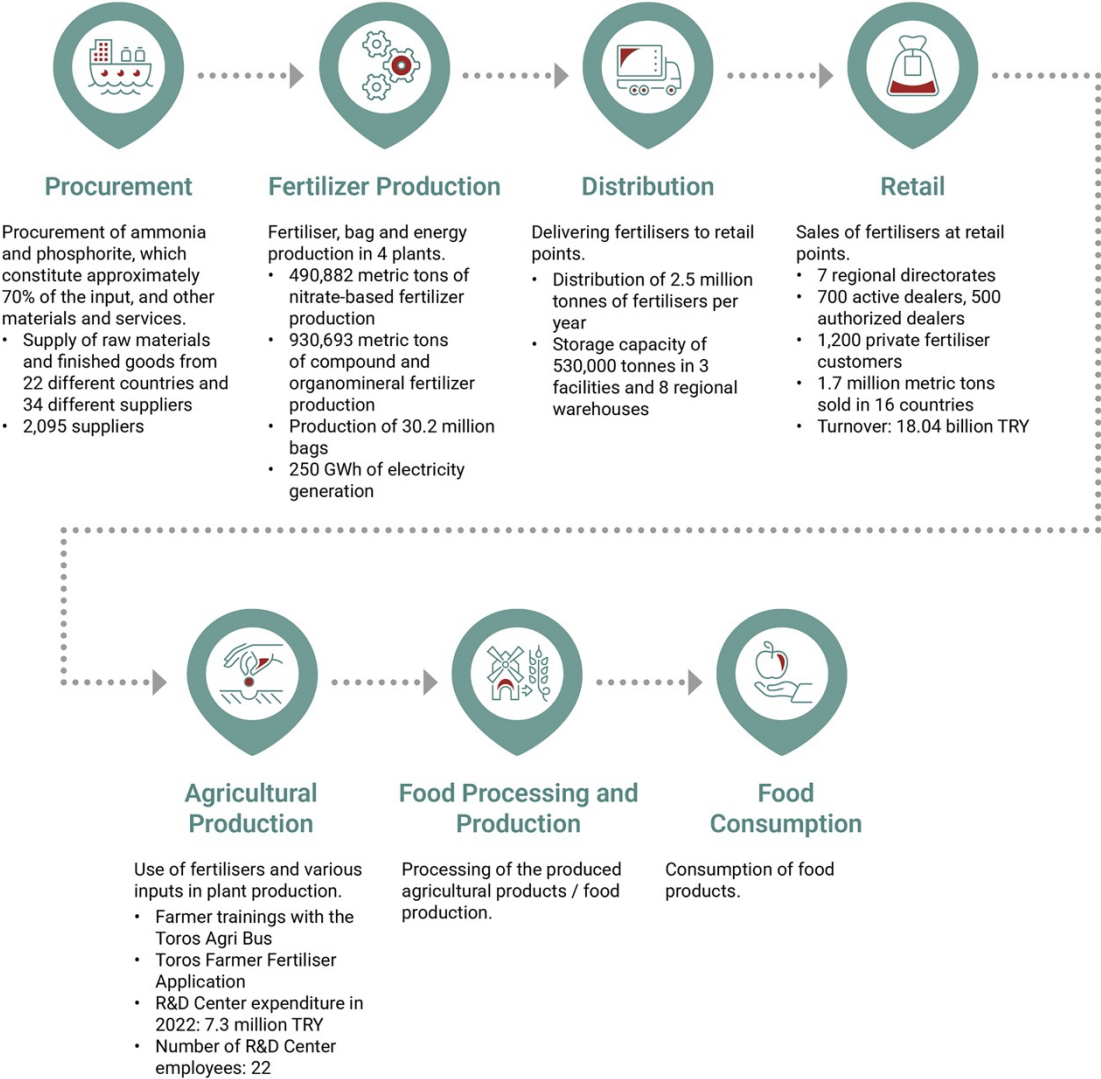
One of Tekfen Holding's main lines of business, Chemical Industry Group primarily operates in fertiliser production, distribution, and trade. The Group's umbrella organisation, Toros Agri Industry and Trade, Inc. (Toros Agri), strives to improve the structure of agriculture industry, serve Turkish agriculture and farmers ceaselessly, ensure food security and access to food, and preserve natural resources and the environment.

A regional actor and the largest company in the industry in terms of production volume and market share, Toros Agri was ranked 56th in the 2021 Top 500 Industrial Enterprises of Türkiye by the Istanbul Chamber of Industry. The Istanbul Chemicals and Chemical Products Exporters' Association awarded the company the "IKMIB Star of Export" five years in a row from 2017 to 2021, making Toros Agri the export champion in Türkiye's fertiliser industry.

Toros Agri works on mineral fertilisers, water-soluble specialty fertilisers, and organic/organomineral fertilisers. As part of its mineral fertiliser production activities, the company produces ammonium nitrate, calcium ammonium nitrate (CAN), diammonium phosphate (DAP), and compound (NPK) fertilisers at its three production facilities in Ceyhan, Mersin, and Samsun; inhibitor-added and water-soluble fertilisers at its Mersin facility; and bags used in fertiliser packaging at its Adana plant. The company continues to produce organic and organomineral fertilisers at its production facility in Ceyhan, as well as at the Toros Gönen Renewable Energy Production, Inc. facilities acquired in 2019, and the Toros Meram Renewable Energy Production, Inc. facilities established in 2020.

- 814 employees
- 2,095 suppliers
- 2,400 customers
- 796 dealers & 568 authorized dealers

TOROS AGRI VALUE CHAIN



Agricultural Production Group

Tekfen Agricultural Research, Production, and Marketing, Inc. (Tekfen Agri)

Tekfen Agricultural Production Group strives to bring a corporate perspective to agricultural production, which is vital in securing a sustainable future. The Group leverages its financial strength to transfer its know-how in agricultural inputs to the farming industry by embracing a scientific approach. It produces agricultural inputs such as seeds and seedlings and engages in direct agricultural production. The Group’s activities are organized under Tekfen Agricultural Research, Production, and Marketing, Inc. (Tekfen Agri).

With 63 agricultural engineers working in the company, Tekfen Agri combines agriculture with science and the latest technologies. Tekfen Agriculture produces bread and durum wheat seeds, edible and seed potatoes, banana fruit and banana saplings, and exports a large proportion of the fresh fruits it produces under the Alanar Fruit brand, which it acquired in 2019. In 2022, Alanar Fruit Company exported to 19 customers in 16 countries. When it comes to production diversity, Tekfen Agri is one of the world's top agricultural production companies.

- 91 employees
- 1,682 suppliers
- 444 customers

Services Group

Tekfen Services Group consists of Tekfen companies operating in port management, free zone management, building and facility management, and insurance brokerage. Group Companies are focused on high customer satisfaction in every area and refer to some of the best practices in their respective industries.

- 149 employees
- 646 suppliers
- 4,884 customers

Toros Shipping Agency and Trade, Inc.

The Group's port services are provided at the two terminals located at Toros Agri's Ceyhan and Samsun Fertiliser Production Plants. Torosport Terminals, which primarily serve imports, also handle Toros Agri's own cargoes in addition to external customers. Torosport Ceyhan Terminal is one of the most important bulk and general cargo ports in İskenderun Bay due to its location and capacity. Similarly, Torosport Samsun Terminal provides handling services for both bulk solid cargo and liquid chemical products.

Toros Adana-Yumurtalık Free Zone Founder and Operator, Inc. (TAYSEB)

As one of the subsidiaries of Toros Agri, TAYSEB is the founder and operator of the Adana-Yumurtalık Free Zone, which is the first free zone to be established in Türkiye for industrial enterprises. The Adana Yumurtalık Free Zone, located in the same region as Toros Agri's Ceyhan Production Facility and Torosport Ceyhan Terminal, is one of the largest free zones in Türkiye with an area of 4.64 million square meters.

Tekfen Tourism and Services, Inc.

Continuing its activities under “Tekfen Services,” Tekfen Tourism and Services, Inc. is a company that specialises in asset and real estate management and that operates and manages Tekfen’s various real estate projects, such as Tekfen Tower, Kağıthane OfisPark, Taksim Residences, Bomonti Apartments, and Yalıkavak Tekfen Houses. The company also supports these projects with asset management, leasing, contract management, and strategic portfolio and revenue-raising activities.

Tekfen Insurance Brokerage Services, Inc.

Tekfen Insurance, which was established in 1982 under Tekfen Holding, continues to serve as the agency of 18 leading insurance companies in Türkiye and all around the world. Tekfen Insurance focuses primarily on the risks faced by Group Companies in their operations. Tekfen Insurance also acts as an agent for many organisations and individual customers outside the Group in banking, construction, tourism, chemicals, food, textiles, agriculture, and other industries.

Investment Group

Tekfen Ventures L.P.

Tekfen Ventures is a corporate venture capital firm established in 2016 to seize opportunities in the world of global entrepreneurship and to invest in early-stage tech startups. The company closely monitors innovative ventures in Tekfen Group’s core industries, analyses in detail the market position, business models, and future plans of promising ventures, and invests in companies at the right stage in cooperation with world-class financial and institutional investors. As of the end of 2022, Tekfen Ventures has 12 ventures in its portfolio operating in different fields. In the new operating period, Tekfen Ventures will continue to support innovative ventures that redesign the global agriculture, construction, and manufacturing industries, focus on sustainability, and aim to improve people’s lives.

More information about the Groups is available in Tekfen Holding’s **2022 Annual Report**.

4. Tekfen Holding’s Sustainability Milestones

1992

- Tekfen Holding was among the founding members of the Turkish Foundation for Combating Soil Erosion (TEMA).

1993

- The first consolidated independent audit was conducted.

1997

- The first ISO 9001 Quality Management System Certificate was obtained.

1999

- The Tekfen Foundation for Education, Health, Culture, Art, and Protection of Natural Resources (Tekfen Foundation) was established.

2002

- The first OHSAS 18001 Occupational Health and Safety Management System Certificate was obtained.

2003

- Tekfen Construction won the BP HELIOS award for the Sangachal Terminal project in Baku, Azerbaijan.*

** Tekfen Construction has been awarded the "Encouraging Social Development in Education and New Business Areas" award by BP for its success in the Sangachal Terminal Capacity Expansion project.*

2004

- Tekfen Construction won the International Pipe Line and Offshore Contractors Association (IPLOCA) Environmental Award.*
- Tekfen Construction received the first ISO 14001 Environmental Management System Certificate.

** Tekfen Construction has been awarded the IPLOCA 2004 Environmental Award for its Sangachal (Azerbaijan) and BTC (Ceyhan-Türkiye) projects.*

2007

- Tekfen Real Estate Development was among the founding members of the Turkish Green Building Council (ÇEDBİK).
- Tekfen Holding went public.

2010

- Tekfen Holding started to monitor, measure and analyse its own the data on climate change.

2011

- The Levent Office project received the first Green Building (LEED) certification.

2016

- The Group held its first carbon neutral meeting.

- Tekfen Ventures was established.
- Tekfen Holding was included in the BIST Sustainability Index.

2017

- The Sustainability Coordinatorship and the Sustainability Committee were established.
- Tekfen Construction won the IPLOCA Social Responsibility Project Award.*
- The first CDP Climate Change report was produced.
- Tekfen Holding became a member of the Business Council for Sustainable Development Türkiye (BCSD Türkiye).

** Tekfen Construction received the "Social Responsibility" award from IPLOCA for its efforts to improve the living and hygiene conditions of seasonal agricultural workers along the TANAP Lot 3 Pipeline route.*

2018

- The UN Global Compact was signed.
- The first CDP Water Security report was issued.
- Stakeholder analysis identified material issues in the journey to sustainability.
- Toros Agri became the first company in Türkiye to receive the Protect & Sustain certificate by the International Fertiliser Association (IFA).

2019

- Tekfen Holding published its first Sustainability Report in accordance with the GRI Standard.
- Sub-working groups were established under the Sustainability Committee.
- Toros Agri was named an "Industry Stewardship Champion" by the International Fertiliser Association (IFA) for its effort in the areas of OHS, environmental management, product safety and energy efficiency.
- Tekfen Holding ranked among Türkiye's Climate and Water Leaders in CDP Climate Change and Water Security Programs based on 2019 data.

2020

- Tekfen Holding became the only company from Türkiye to make CDP's Global "A" List for both Climate Change and Water Security Programs.
- A Group strategy for social investment-oriented activities was created in line with the Creating Shared Value (CSV) Approach.
- Tekfen Holding published its "Fight Against Domestic Violence Policy" and as part of the Business Against Domestic Violence project.
- Tekfen Agriculture received an award in the "Cooperation" category of the 7th Sustainable Business Awards for its project "Developing National and Domestic Bread Wheat Varieties Through the Use of Ancestral Seeds."

2021

- The “Women Farmers Loan Project” was implemented through the cooperative efforts of the Tekfen Foundation, Turkish Foundation for Waste Reduction, and Toros Agri.
- Tekfen Construction commissioned its LEED Platinum-certified FNN Sustainability Centre in Adana, Ceyhan.
- The remote working system, which was made mandatory during the COVID-19 pandemic, was made permanent in a hybrid system upon 82 percent positive feedback from employees.

2022

- The Fourth Sustainability Report was prepared entirely in digital environment.
- “Women Farmers Loan Project” was awarded in the “Cooperation: B2NGO Cooperation” category of the Sustainable Business Awards 2022.

5. Highlights of 2022

- The “Women Farmers Loan” project, conducted in collaboration with the Tekfen Foundation, the Turkish Waste Prevention Foundation (TİSVA) and Toros Agri, was awarded in the “Cooperation: B2NGO Cooperation” category of the Sustainable Business Awards 2022 as the sole finalist.
- Toros Agri received an award for its “Development of Domestic and National Wheat Varieties Through the Use of Ancestral Seeds” project at the “Future in Our Hands Award Ceremony” organized by the Turkish Federation of Automotive Maintenance Associations (TOBFED).
- Toros Meram was acknowledged as “Highly Commended” in the “Anaerobic Digestion Pacesetter: Above 1Mwe” category by the UK-based Anaerobic Digestion and Bioresources Association (ADBA).
- Tekfen Agriculture and the Sabancı University Nanotechnology Research and Application Center (SUNUM) have signed a cooperation agreement for a prototype that enables the rapid diagnosis of plant diseases in the field.
- Tekfen Holding became one of the Climate Leaders of Türkiye by achieving a “B” rating in the CDP Climate Change Program.
- Tekfen Holding was one of only six companies in Türkiye to receive an “A” rating in the Water Safety Program, and one of 107 companies in the world.
- R&D Specialist Cemre Avşar was awarded the “Best Researcher” prize at the SHEN Science, Health and Engineering Awards for the compilation article prepared with the contributions of Toros Agri R&D Centre team.
- Toros Agri and Tekfen Agri, which continue to work at national and international level with the mission of “Sustainable Agriculture for a Sustainable World” to ensure

agricultural sustainability, hosted the Belmont Forum meeting in Istanbul on October 20–21, 2022 together with Sabancı University.

6. Sustainability Vision

Tekfen’s sustainability vision is based on the concept of “Bridging Prosperity.” The main goal of all its economic activities is to improve social welfare and quality of life for all members of society. Tekfen Holding’s activities in engineering and contracting, chemistry, agricultural production, services, and investment industries go hand in hand with the fundamental aspects of social welfare, such as infrastructure services, food, energy, and access to shelter. Through its activities, Tekfen serves as a bridge that enables individuals to access the essential elements of a better life and better wellbeing, while laying the foundation for a sustainable future.

Strategic Areas

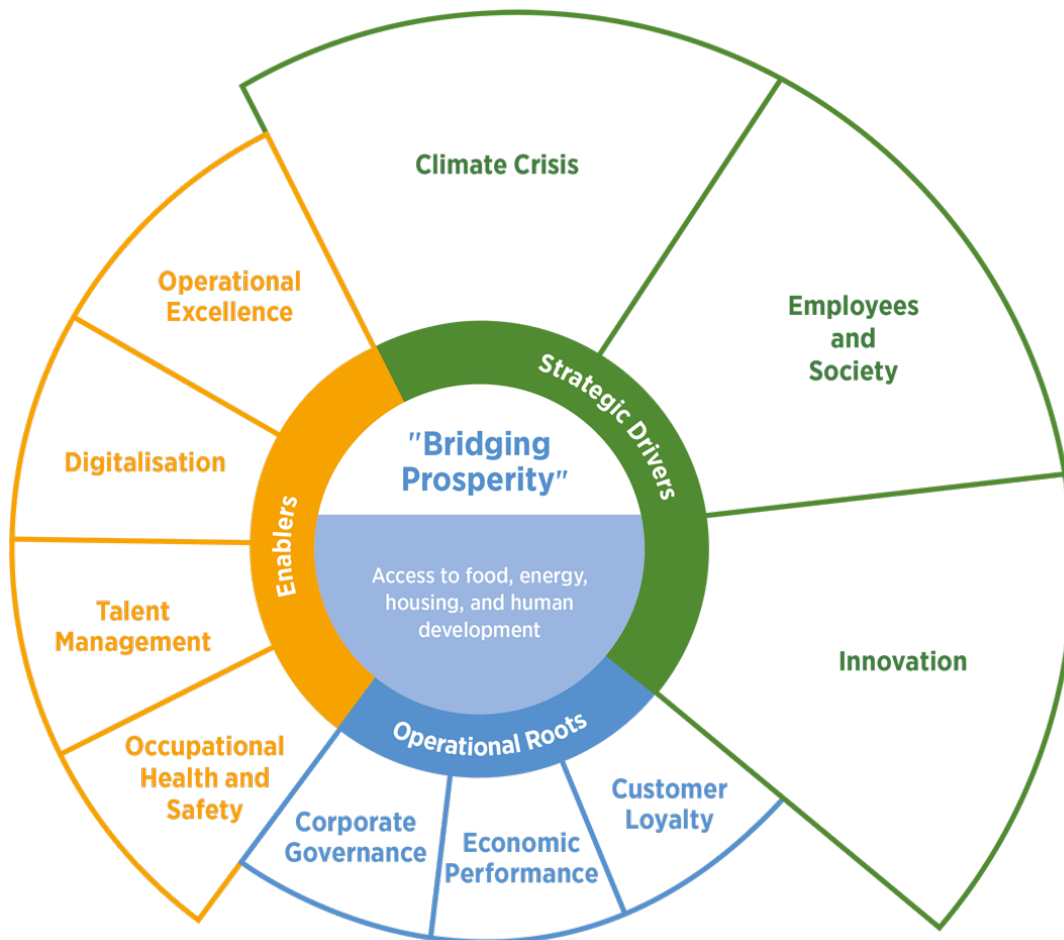
The climate crisis, employees and society, and innovation have been identified as Tekfen Holding’s main strategic areas for creating value, as they come with significant risks and opportunities in terms of sustainability.

Operational Roots

These roots define the business approach and priorities of Tekfen Holding, which has been one of the engines of the Turkish economy for the past 67 years. Economic performance, corporate governance, and customer loyalty will continue to be the building blocks of the company’s future.

Enablers

Operational excellence, digitalisation, talent management, and occupational health and safety (OHS) stand out as the main tools that will facilitate the realisation of the “Bridging Prosperity” vision.



Megatrends

In today's world, mega-trends such as climate crisis and environmental destruction, rapid population growth, demographic and social change, urbanisation, technological advancements are shaping the global landscape as well as precipitating radical transformations in how businesses operate. Tekfen's "Bridging Prosperity" vision expresses the goal of responding to this change sustainably and flexibly, as it redefines the Group's business strategy.

Contributing to the Global Agenda

Tekfen's vision is to develop a sustainable business model that covers the entire value chain and contributes to the UN Sustainable Development Goals (SDGs). Set by the United Nations Development Programme (UNDP) to end poverty, protect our planet, and ensure that all people enjoy peace and prosperity, these 17 goals offer a global agenda to all parties from governments to local administrations and from the public sector to the business world. As one of the signatories of the United Nations Global Compact, Tekfen Holding aims to create shared value by building its sustainability vision on specific SDGs in line with its areas of activity.



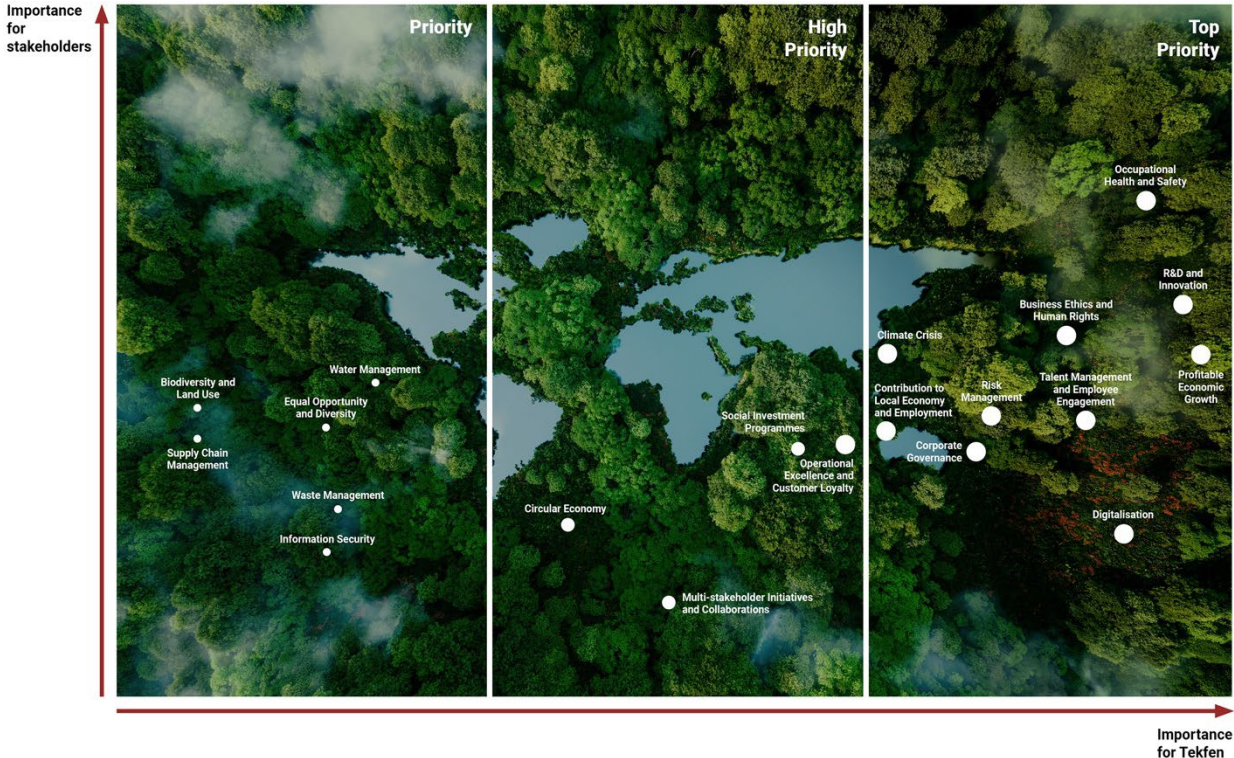
Investor Perspective

As sustainability gains traction around the world, more investors are starting to include the issue on their agenda. The exponential increase in the interest shown in sustainable investments is leading to significant changes in capital flows. Investors expect companies to disclose their environmental, social and governance (ESG) performance and be more transparent. Recent regulations are expected to improve the quality and accessibility of information disclosed by companies and increase the transparency of investments made in line with ESG criteria.

While new regulations such as the Corporate Sustainability Reporting Directive (CSRD) and the Sustainable Finance Reporting Regulation (SFDR) are rapidly finding a place on the agenda of companies, it is aimed to reduce greenwashing activities by providing investors with accurate and reliable information. Turkish companies with subsidiaries and significant business volume in the European Union are also expected to be affected by these regulations.

To keep up with the global agenda, Tekfen Holding expands and improves the scope of its ESG approach and performance, as demonstrated in its annual reports. It also responds to the annual assessments of different sustainability indices such as S&P Global, FTSE4Good, and the BIST Sustainability Index. Tekfen Holding is one of 53 companies in Türkiye to receive a “B” rating in the CDP’s Climate Change Program and ranks 103rd out of 2,437 companies in the world with an “A” rating in the Water Security Program. Its BIST Sustainability Score went up from “B” to “A-” in 2022. The Company supports global initiatives such as the United Nations Global Compact and the Sustainable Development Goals.

Material Issues



Materiality Analysis

Materiality analyses are conducted to determine Tekfen Holding’s strategic priorities for sustainability and to reveal the focus areas of the Sustainability Report. The intersections of the priorities of the stakeholders and those of Tekfen were determined with the Materiality Analysis covering the External Trend Analysis, the opinions of the Board members, strategic goals, and the Vision Workshop. Material issues are reviewed in light of external trends, risks, and opportunities.

Tekfen’s Priorities

Three outcomes were included in the analysis to identify Tekfen Holding’s priorities. These were:

- The outcomes of the Sustainability Vision Workshop held with the managers of the Group Companies,
- Opinions of the Board members,
- The objectives in the company’s strategic plan and the outcomes of the Strategy Workshop.

Stakeholder Priorities

Stakeholder priorities were determined through Stakeholder Analysis and External Trend Analysis.

- As part of the Stakeholder Analysis, Tekfen Holding's employees, customers, suppliers, solution partners, public institutions and regulatory authorities, analysts, investors, nongovernmental and professional organisations, the media, international organisations, and universities were asked about their priorities and their sustainability expectations from Tekfen through surveys. In 2018, approximately 50 percent of the surveys were answered, totalling 2,578 people. The Stakeholder Analysis was conducted by an independent consultancy company with reference to the AA1000SE Accountability Stakeholder Engagement Standard.
- With the External Trend Analysis, global and sectoral risks and trends were also included in the analysis, and subjects that are critical for the industries were determined.

Material Issues

The shared priorities of the stakeholders and Tekfen Holding are mapped in the Materiality Matrix. Subjects defined as top priority indicate the sustainability issues that need to be managed before everything else. These subjects form the basis of the "Bridging Prosperity" vision. The focus areas of the "Bridging Prosperity" vision and the material issues are in alignment.

In line with this year's update, operational excellence and customer satisfaction have moved from very high priority to high priority. These issues continue to be among the priorities of Tekfen Tourism and Tekfen Insurance.

Tekfen's operational roots already cover some of these material issues, namely "Economic Growth," "Corporate Governance." "Occupational Health and Safety" stands out as the top priority for the relevant industries and is also one of the facilitators.

Looking at the priorities of each company,

- "Occupational Health and Safety" is one of the top priorities for Tekfen Construction.
- "Climate Crisis" is the top priority for Toros Agri and Tekfen Agri.

"Digitalisation" and "R&D and Innovation," megatrends with global impact, are also among the top priorities for Tekfen Holding. "Employee Development and Satisfaction" stands out as another major issue that will need attention in the coming period. "Climate Crisis," another major issue in the industries in which Tekfen Holding operates, is one of the top priorities on the prioritisation map.

The “Climate Crisis”, “Innovation” and “Employees and Society” are Tekfen’s strategic value areas. While the Sustainability Report focuses on top-priority issues, it also covers highly material and material issues.

Material Issues	Report Title	Chapter Title	Section No
Profitable economic growth, contributions to the local economy and employment	Economic Performance	Operational Roots	01
Corporate governance, code of conduct, and human rights	Corporate Governance	Operational Roots	02
OHS, talent management, and employee engagement	Employees and Society	Strategic Drivers	03
Climate crisis	Climate Crisis	Strategic Drivers	01
R&D and innovation, digitalisation	Innovation	Strategic Drivers	02

Sustainability Management

At Tekfen, the Sustainability Committee operates in service of realizing the “Bridging Prosperity” vision. Operating under the Corporate Governance Committee, the Sustainability Committee consists of senior officers appointed by the CEOs of Tekfen Holding and Tekfen Group Companies (Tekfen Construction, Tekfen Engineering, Tekfen Manufacturing, Toros Agri, Tekfen Agri, Tekfen Tourism, and Tekfen Insurance). The Sustainability Committee is chaired by the President of Tekfen Group Companies.

The Sustainability Committee is responsible for creating the strategies, roadmaps, targets, policies, and reports necessary for the realisation of the “Bridging Prosperity” vision, integrating sustainability into business processes in line with the Holding’s priorities, and ensuring the active participation of the Group Companies in these processes. The Committee is composed of 17 members and met twice in 2022.

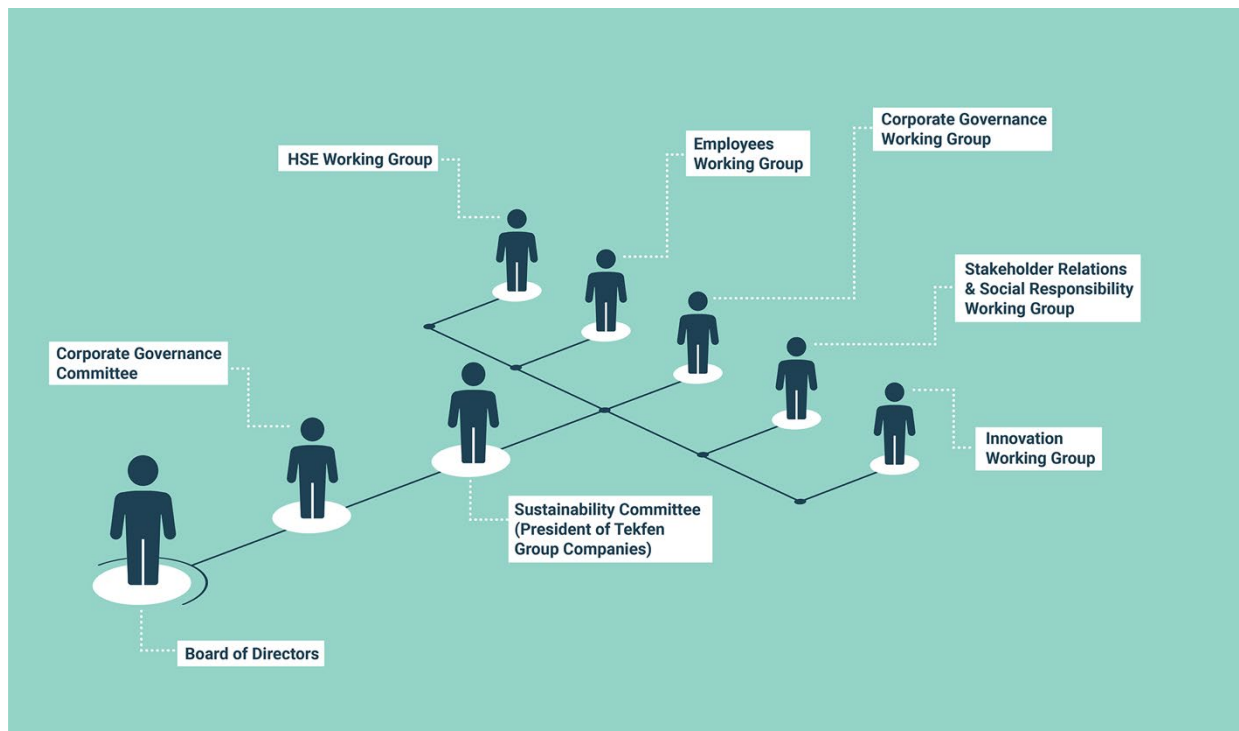
Five working groups were formed to support the committee. Members of these working groups were determined by the leaders of the groups to obtain the expertise and diversity required for the implementation of the strategic sustainability roadmap. The groups convened regularly throughout the year and continued their activities in accordance with the relevant strategic sustainability roadmap.

The Tekfen Holding Board of Directors is responsible for monitoring sustainability approach, targets, and performance development. The Corporate Governance Committee, which reports to the Board of Directors, is responsible for the execution of sustainability policies, and reports the activities of five working groups to the Board of Directors at least

once a year, as well as its own activities. Sustainability issues are regularly discussed by the Corporate Governance Committee and the Board of Directors.

Progress targets related to the actions in the sustainability roadmap and key performance indicators on occupational safety and the environment are included in the company scorecard targets, which affect the annual performance evaluations of senior management (including the CEO) and employees.

Sustainability Committee and Working Groups



Focus Areas

Health, Safety, and Environment

- Setting and monitoring targets
- Data validation
- Science Based Targets Initiative (SBTi) membership
- ISO 14064, 50001 certification
- Internal carbon pricing
- Zero-waste projects
- Life cycle analysis

Employees

- Setting and monitoring targets
- Leadership, coaching, and mentoring programs
- Programs in collaboration with universities to attract young talent
- Employee satisfaction and engagement
- Work-life balance

Corporate Governance

- Ethics and compliance studies
- Human rights training evaluation and audit
- Supply chain management
- Risk management and sustainability risks

Stakeholder Relations and Social Responsibility

- Membership in international initiatives
- GRI scoping and validation
- Transition to integrated reporting
- Social projects that create shared value
- Theory of change and social impact analysis for projects

Digitalisation and Innovation

- Open innovation platform
- Organizing competitions
- Software development for performance and target tracking

2

OPERATIONAL ROOTS

Tekfen, which started its journey in 1956 as a small engineering and consultancy company, continues its operations as one of Türkiye's top holding companies and as part of the BIST 30 Index. The Group expands its high experience and knowledge in engineering, contracting, chemical, agriculture, investment, and services industries with values of reliability, honesty, and quality, and offers them to the economy, its stakeholders, and society.

Each of these companies, which have become brands in their own right in their respective fields, holds a leading and reputable position in their industries not only through their economic performance but also through its robust corporate structure and rigorous service standards. Economic performance, corporate governance, and customer loyalty, which form Tekfen's operational roots, are among the top sustainability priorities of the Group and are indispensable building blocks for its future vision.

1. Economic Performance

Tekfen Holding's primary focus in 2022, a year replete with economic challenges and uncertainties, was to be agile in our response to the rapidly changing conditions and hard-to-estimate events in all our areas of operation, to manage the risks in the best possible manner, and to ensure our business continuity.

One of Tekfen Holding's two main lines of business, the contracting industry, was severely affected by the Russo-Ukrainian War following the pandemic. On the other hand, the positive developments in Türkiye's relations with the Gulf countries in 2022 and the general upward trend in oil prices despite the severe fluctuations throughout the year have created a favourable environment for infrastructure investments. Tekfen Construction was invited to bid for a large number of projects throughout the year. Despite some cyclical challenges, Tekfen Construction managed to keep its business volume above a certain level and added two large-scale manufacturing projects to its portfolio.

Tekfen Manufacturing, a subsidiary of the Engineering and Contracting Group, recorded new projects in 2022 in addition to its backlog. Continuously expanding its foreign orders,

the company has taken its first step into Australia, which was the only continent it had not previously exported to.

Already highlighted by the pandemic, food security and agricultural sustainability became a constant in the global agenda following the Russo-Ukrainian crisis. With Russia being a major global fertiliser raw material supplier, the tension negatively impacted the fertiliser industry. Türkiye's leading fertiliser manufacturer and market leader, Toros Agri, managed to sustain its capacity utilisation rate at around 75 percent despite the year-long disruptions in the supply chain and the deteriorating conjuncture. Toros Agri's agile and flexible responses to the extraordinary and unpredictable events in the post-pandemic industry boosted the company's competitive power and improved its financial statements in recent years. As the ranking chemical fertiliser export champion for five years in a row, the company once again reached striking sales volumes as the previous year's ban on fertiliser exports was partially removed in 2022.

Tekfen Group continuously monitors investment opportunities that will bolster its position in the market, enhance its competitive edge, and support its profit-oriented focus.

The factors that affected the performance of the Group Companies can be summarised as follows:

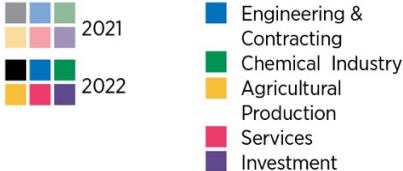
- High inflation and high interest rates making the economies of developing countries more vulnerable.
- The uncertainty surrounding the macroeconomic indicators causing a slowdown in the supply of large-scale projects.
- The Russo-Ukrainian War accentuated the East-West polarisation, subsequently changing geopolitical balances, exacerbating security concerns, and triggering a shrinkage in the international contracting industry.
- Orders in the contracting industry started to weaken, which reduced revenue predictability.

Factors that placed Tekfen Holding in a stronger position and reduced its financial risks:

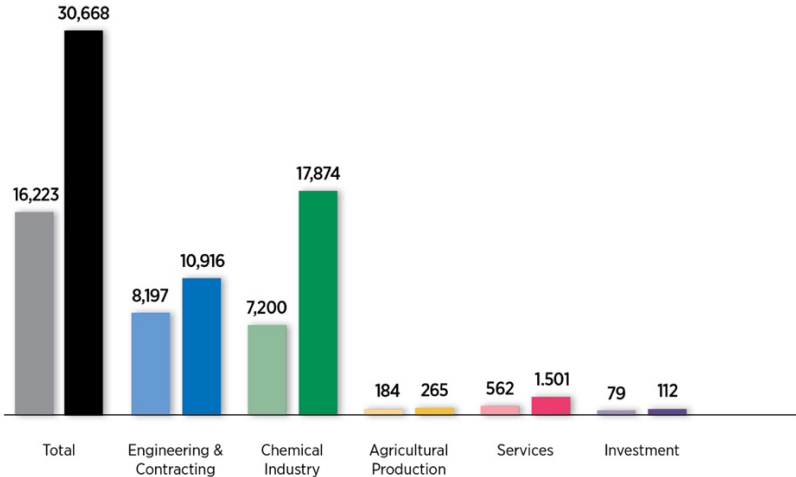
- High credit quality supported cash-generating abilities.
- Foreign currency cash flows supported finances.
- Portfolio distribution was diversified enough to compensate for potential fluctuations in economic conditions.
- Strong position in the relevant sub-industries.
- High level of compliance with corporate governance principles.

Tekfen supports the employment and development of the countries where it does business with its economic contributions, boasting a local employment rate of 76 percent. Additionally, the Group Companies have a total of 5,152 suppliers, and 72 percent of all supplier payments are made to local suppliers.

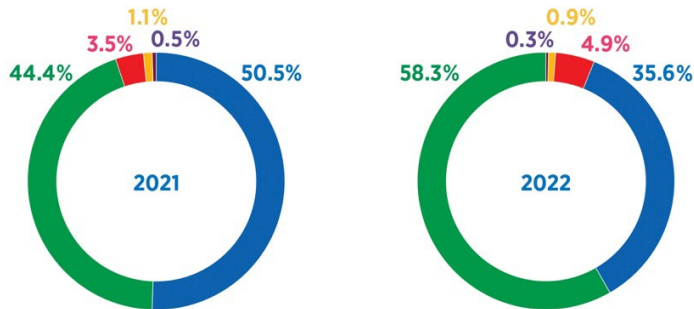
Basic Financial Indicators



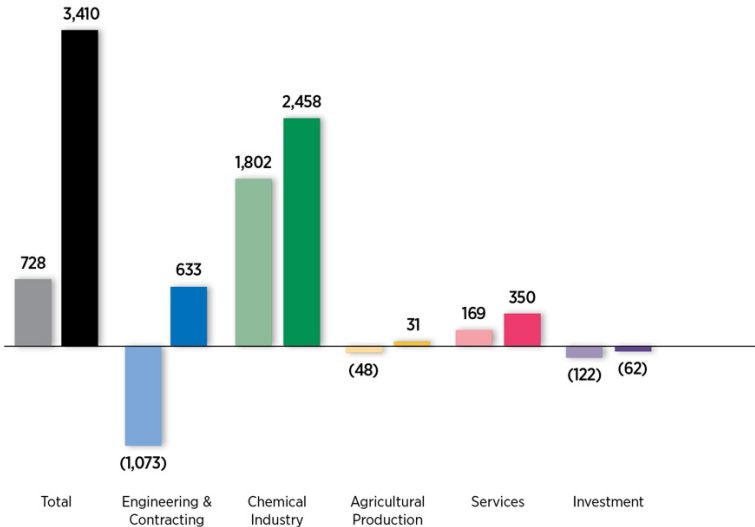
Sales Revenue (Consolidated million TRY)



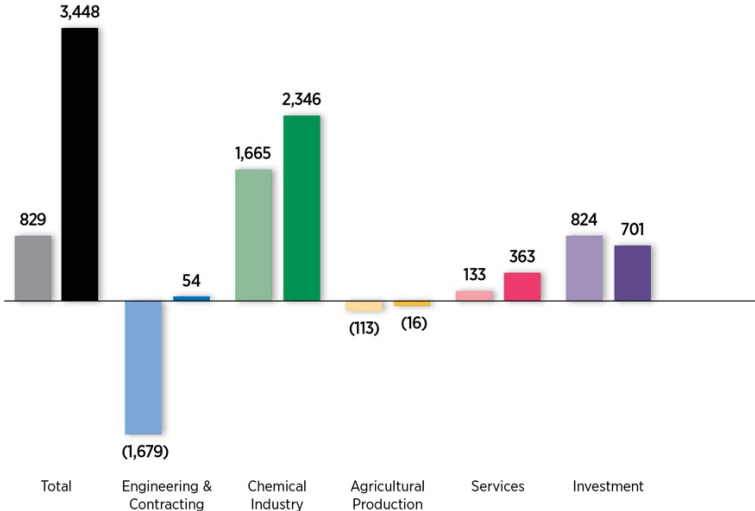
Breakdown of Sales Revenue (%)



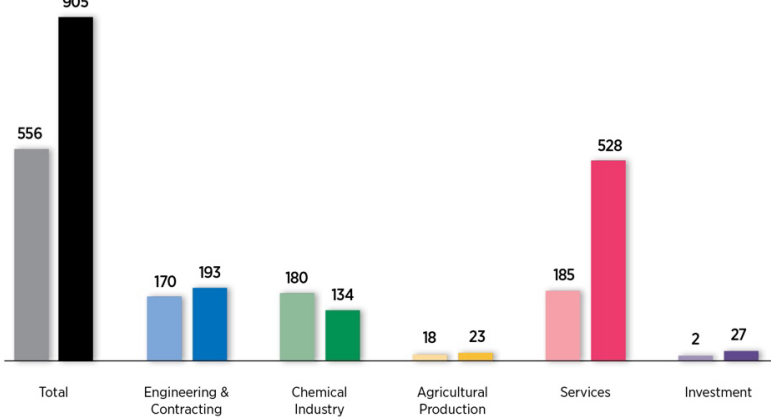
EBITDA (Consolidated million TRY)



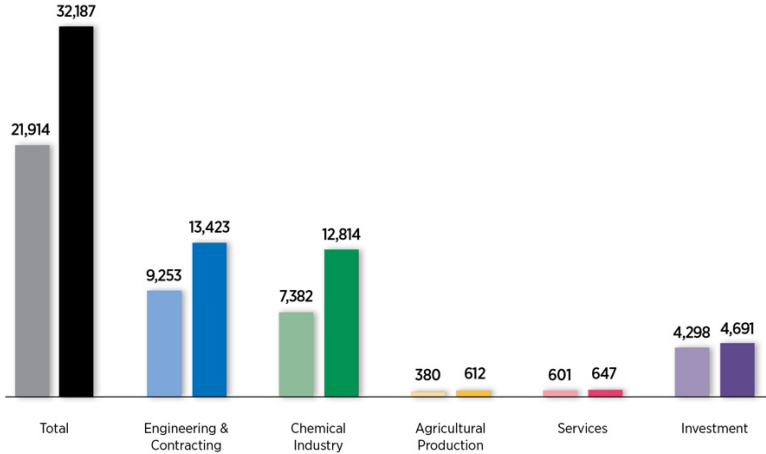
Net Profit / Loss for the Year (Consolidated million TRY)



Investment (Consolidated million TRY)



Total Assets (Consolidated million TRY)



2. Corporate Governance

Since day one, Tekfen Group has fostered its relations with management, partners, employees, and third parties on the principles of equality, transparency, accountability, and responsibility. The Group’s deep-rooted values, strong corporate tradition, and adherence to fundamental governance principles are indispensable parts of its identity. The Tekfen Group regards corporate governance as its fundamental basis for ensuring business success in its business activities and for protecting the rights of all its stakeholders, with a particular focus on its investors.

Tekfen Holding’s Board of Directors consists of 11 members, four of whom are independent. The Board of Directors has three female members, one of whom is independent. There are committees operating under the Board of Directors on issues such as establishing strategies and policies, monitoring compliance with action plans, and evaluating performance to ensure that the Board of Directors fulfills its duties and responsibilities in a healthy manner. The Sustainability Committee, Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee, and Remuneration Committee are responsible for meeting periodically and presenting their evaluations and reports to the Board of Directors. The duties of the Chairman of the Board of Directors and CEO are carried out by different individuals in line with the Corporate Governance Principles.

Board Diversity

Increased diversity in the Board of Directors improves financial performance and shareholder returns and is welcomed positively by investors. According to the new EU law

on gender balance on corporate boards adopted by the European Parliament, women are expected to make up 40 percent of non-executive directors or 33 percent of all directors on the boards of large companies by 2026.

Tekfen Holding attaches great importance to diversity in its Board of Directors and continues to take steps to improve its performance in this regard. Tekfen Holding's female representation on the Board of Directors for 2022 is 27 percent.

More information about Corporate Governance is available on pages 180 to 199 in Tekfen Holding's 2022 Annual Report.

Corporate Memberships and Supported Initiatives

Tekfen Holding*

AISEC

United Nations Global Compact (UNGC)

TURMEPA

Foreign Economic Relations Board of Türkiye (DEİK)

Learning and Development Association (TEGEP)

Ethics and Reputation Society (TEİD)

İstanbul Bar Association

İstanbul Foundation for Culture and Arts (İKSV)

İstanbul Chamber of Certified Public Accountants (İSMMMO)

İstanbul Chamber of Commerce (İTO)

The Business and Sustainable Development Council (BCSD Türkiye)

Corporate Communication Professionals Association (KID)

Corporate Treasury Managers' Association (KHYD)

The Institute of Internal Auditing - Turkey (TİDE)

Türkiye Exporters Assembly (TİM)

The Corporate Governance Association of Turkey (TKYD)

Turkish Industry & Businessmen Association (TÜSİAD)

Young Presidents Organisation (YPO)

Board Directors Association (YUD)

Group Companies*

Adana Chamber of Industry

Adana Adana Chamber of Sworn-in Certified Public Accountants

Ankara Chamber of Certified Public Accountants (ASMMMO)
Balıkesir Chamber of Industry (BSO)
Ceyhan Chamber of Commerce
Steel Exporters' Association (ÇİB)
Turkish Green Building Council (ÇEDBİK)
Chamber of Shipping (İMEAK)
World Energy Council Turkish National Committee
Gönen Chamber of Commerce
Hatay Chamber of Certified Public Accountants
International Fertilizer Association (IFA)
International Pipeline Offshore Contractors Association (IPLOCA)
İstanbul Chamber of Sworn-in Certified Public Accountants (İSMMO)
İstanbul Chamber of Industry (İSO)
Konya Chamber of Industry
Mersin Chamber of Commerce and Industry
Petroleum and Natural Gas Platform Association (PETFORM)
Samsun Chamber of Commerce and Industry
Samsun Chamber of Sworn-in Certified Public Accountants
Facility Management Association (TRFMA)
The Turkish Employers' Association of Construction Industries (İNTES)
Turkish Chemical Industry Employers' Union (KİPLAS)
Port Operators Association of Turkey (TURKLİM)
Turkish Employers' Association of Metal Industries (MESS)
Turkish Contractors Association (TMB)
Turkish Wind Energy Association (TÜREB)
Maritime Association of Shipowners and Agents

* 4.28 million Turkish liras in membership fees was paid to the partnered professional organisations and nongovernmental organisations by Tekfen Holding and Group Companies in 2022.

Risk Management

The increasingly globalised uncertainty environment in recent years has further emphasized the importance of effective risk management. Being able to operate risk management processes accurately and effectively is the key to survival and success for companies in today's world of uncertainty and crises.

According to the [Global Risks Report](#) 2023 published by the World Economic Forum, more than 80 percent of respondents to the global risk perception survey predict that uncertainty will remain over the next two years. The cost-of-living crisis, natural disasters and extreme weather events, geoeconomic conflicts, failure to tackle climate change, and social polarisation rank in the biggest five global risks in the two-year period.

Due to the global nature of its core business areas, Tekfen Holding closely monitors cyclical developments in the world and implements effective risk management with a prudent management approach to identify risks accurately and in advance, measure their potential effects, and to take the necessary measures. Group Companies act in coordination with Tekfen Holding and implement a uniform reporting method to manage potential risks in their own fields.

Risks are managed with a common risk management structure within the Group in accordance with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework. Accordingly, the risks are identified, assessed (measured), answered (acted on), reported, and monitored in line with the department risk inventories of all Group Companies and as part of a bottom-up approach. All risk inventories are thoroughly reviewed once a year through the activities carried out with the departments to ensure a comprehensive assessment of external risk factors. This maintains the dynamism of the risk management process and the principle of continuous improvement.

Tekfen Holding and Group Companies have written procedures on how to manage their own risks, and organisational structures have been established to carry out risk management and reporting activities. The risk reports created for each Group Company are submitted to the Holding after the approval of the relevant Board of Directors and to the Early Detection of Risk Committee, which convenes every two months, after being analysed by the Risk Management Directorate.

The Early Detection of Risk Committee, which is chaired by an independent member of the Board of Directors, is responsible for bringing significant risks to the agenda of the Tekfen Holding Board of Directors, along with its own views and assessments concluded after examining the risk documents. Risks are evaluated at the highest level, and the appropriate measures are determined accordingly. Risk reports are also shared with the Independent Auditor.

Tekfen Holding addresses its risks under five main headings: financial, operational, strategic, reputational, and compliance. In addition to these headings, subjects such as climate change, the water crisis, occupational health and safety, human rights, code of conduct, compliance, business continuity, cybersecurity, the Law on the Protection of Personal Data, and executive succession management are also monitored as part of risk

management activities. You can learn more about climate and water risks in the “Climate Crisis” section of the [Strategic Drivers](#) page.

Risk Type	Definition	Management
Financial risks	<i>Collection risk (credit risk):</i> These are risks that may arise for the full and timely collection of accounts receivable.	Sales of goods and services against cash payment where possible, requesting collateral from customers and asking for bank guarantees/liabilities, rating the customers according to their risk.
	<i>Liquidity risk:</i> These are risks where liquid assets may not be enough to meet the liabilities that are due.	Working with strong consolidated cash availability, regularly monitoring critical indicators for the maturity match of assets and liabilities in balance sheet management, emphasising stock management policies and the balance between trade receivables and trade payables, minimizing financing needs with a strong equity structure.
	<i>Market risks:</i> These are financial losses that may be incurred due to fluctuations in market parameters.	The use of derivatives for hedging against currency risk, attempting to fix the purchase prices for raw materials and materials required for the production of goods and services.
Operational risks	These are risks that may arise in the operational processes of all functions of each Tekfen company in the relevant industries. These are risks related to issues such as business continuity, information security, disasters, environmental and occupational safety, human resources, supply chain and production, and project management.	In principle, the measures to be taken regarding the management of these risks are considered to be an integral part of the efforts of the departments that carry out the first stage of the relevant activity. The central “Uniform Methods” published by Tekfen Holding regulate the basic rules that companies must follow while conducting their activities. Additionally, operations are constantly audited by the internal audit departments within the Holding and Group Companies, both according to the companies’ own regulations and the Uniform Methods, to

		determine whether the operational risks are managed properly.
Strategic risks	These are risks that may affect the fulfillment of the company's long-term goals and services. They are related to issues arising from macroeconomic, political, demographic, social, environmental, and other factors in the regions where Tekfen operates, sustainability risks such as the climate and water crises, industry and competitive trends, internal resource allocation, entering new areas of activity, mergers and acquisitions, product development processes, and business opportunities.	These issues are evaluated and monitored by the Board of Directors, senior management, and expertise committees and then acted on as necessary. If necessary, services are obtained from consultancy firms with proven international competence and expertise.
Reputational risks	These cover the issues that may damage the company's reputation. These are risks that may have an adverse effect on the company and potentially, its employees, customers, or other stakeholders due to errors or malicious acts that may arise from both internal and external factors.	Reputation is regarded as a major intangible asset for Tekfen Group Companies, and the focus of reputational risk management is on stakeholder relations and communication, as well as on corporate image management. To that end, reputational risks facing shareholders, customers, suppliers, employees, and society are managed through corporate communication and corporate governance activities.
Compliance risks	These are risks arising from intentional or unintentional non-compliance with legislation, contracts, or the company's internal guidelines.	The Legal and Compliance units in the Holding and Group Companies work in coordination with the relevant operational units on each case to manage the risks that may arise from behaviours that do not comply with national and international legislation, internal procedures, and codes of conduct. Additionally, the Group took a major step in the management of compliance risks with the "Ethics Hotline," which became operational in 2018.

Internal Audit

The Group's individual internal audit teams carry out internal audit activities for Tekfen Contracting and Agri-Industry under Tekfen Holding. On the other hand, the Tekfen Holding Group Internal Audit Department audits all companies within the Group and all units of these companies. The Tekfen Holding Group Internal Audit Department is also responsible for the execution of all internal audit activities required per international standards and uniform intra-group practices. Internal audit units report to their company's Board of Directors through that company's Audit Committee to ensure that internal audit activities are conducted independently and impartially. Efforts to improve internal control systems are performed under the coordination of the Holding Group Internal Audit Department. Each internal audit team evaluates the effectiveness and efficiency of internal controls for their respective systems.

Tekfen Group's internal audit units are responsible for examining the functioning of internal controls, risk management, and corporate governance processes as a whole and for sharing the results of their activities with the relevant audit committee members. Internal audit activities follow International Internal Audit Standards, applicable laws, and regulations.

Code of Conduct and Compliance

Tekfen's Ethics Policy forms the basis of its business conduct and corporate culture. Relations with employees, suppliers, customers, shareholders and all other stakeholders are carried out with honesty, responsibility and respect for rights under the guidance of ethical rules. The Group ensures a responsible approach towards customers, employees, shareholders, suppliers, business partners, competitors, the environment, and society in accordance with the code of conduct adopted by all employees, which is based on integrity, the confidentiality of private information and trade secrets, conflict of interest, and compliance with laws and regulations. In this context, the company's standards are documented through policies and shared with all stakeholders. Company policies can be found under the heading "[Policies](#)" section on Tekfen Holding's website. This year, Tekfen Construction published its Ethics Policy in English, Russian, and French to make its ethical principles accessible to all its stakeholders and employees.

Tekfen Holding does not favour any political opinions or institutions. As detailed in [Tekfen Construction's Code of Conduct and Anti-Bribery and Anti-Corruption Policy](#) supporting

politicians or political parties and making payments to political parties, organisations, and their representatives are strictly prohibited.

Compliance with the Principles

All notifications regarding ethical violations can be made anonymously in Turkish or English via the “Ethics Hotline” commissioned in 2018, by calling +90 212 257 0 110, sending an email to etikhat@tekgfen.com.tr and visiting www.remedetikhat.com.tr/en. All channels are available 24/7. Notifications are collected by an independent company. Tekfen Holding has an Ethics Committee, which is chaired by a Member of the Board of Directors and includes the Internal Audit Director. Notifications for Tekfen Construction can be made by sending an email to ethics@tekgfen.com.tr or on the [website](#).

All Group Companies have a Compliance Officer and a Compliance Committee appointed by the company’s Board of Directors. These individuals and committees work in cooperation with the Ethics Committee and report to both the company’s Board of Directors and the Tekfen Holding Ethics Committee every month. All notifications made to the Ethics Hotline are evaluated by the Ethics Committee according to ethical and disciplinary rules. In 2022, a total of 116 notifications were received through all ethical reporting channels, and 106 of them were resolved within the year. There are still no notifications or penalties related to corruption or bribery.

Training

Code of conduct training is important for ensuring compliance with the principles and establishing an in-house ethical culture. A total of 2,965 Group employees were given 6,380 person-hours of business ethics training in 2022. The training includes discussions of anti-corruption and anti-bribery. To raise the code of conduct awareness, Tekfen Construction informs its employees every month on various issues, such as behaviour in the workplace, equality of opportunity, conflicts of interest, and competition laws.

Engineering and Contracting Group employees receive training on the Code of Conduct and Anti-Bribery and Anti-Corruption Principles upon being hired and sign a letter of commitment stating that they have read and understood these principles. Additionally, refresher training on ethical values is conducted every year at the centre and on a project basis under the supervision of the Compliance Officer or the Project Compliance Representative.

Tekfen requires its contractors, subcontractors and suppliers to adopt its values and way of doing business and conducts merit assessments in order to encourage its contractors, subcontractors and suppliers to train their employees on these subjects.

3

STRATEGIC DRIVERS

Tekfen Group’s main drivers of focus for ensuring its existence well into the future are defined as “Strategic Drivers ” in its Sustainability Strategy. The three main headings determined in this context, “Climate Crisis,” “Innovation,” and “Employees and Society,” are also among the main areas of focus on the global sustainability agenda.

2. Climate Crisis

As a result of the escalating climate crisis, which poses a threat to all life forms on Earth and demonstrates increasingly pronounced impacts annually, the risks associated with extreme weather events, including droughts, floods, and severe hurricanes, are intensifying at an exponential rate. [The 2023 Global Risks Report](#)¹ by the World Economic Forum estimates that insufficiency in mitigating climate change, a failure to adjust to climate change (reducing emissions, water consumption, pollution, plastic use, etc.), extreme weather conditions, biodiversity loss, and the depletion of natural resources will be the greatest global risks within the next 10 years.

The Turkish State Meteorological Service (TSMS) interpreted the potential implications these severe global risks will have on Türkiye in their [Türkiye 2022 Climate Assessment Report](#)² and noted that 2022 registered the highest number of extreme weather events of all times (extreme heatwaves, heavy rainfalls, storms, hurricanes, drought, floods, and melting glaciers).

Mitigating climate change requires science-based planning and roadmaps. The Global Risks Report considers failure in reduction strategies to be the second-most severe risk in the next 10 years. Organizations play a key role in preventing such failure.

¹ [2023 Global Risks Report](#)

² [Türkiye 2022 Climate Assessment Report](#)

Net-Zero Economy

Net-zero emissions is a global target aimed at tackling climate change by 2050. The Paris Agreement stipulates a transition to a net-zero economy before 2050 to curb global warming by 1.5 degrees Celsius compared to the pre-industrial era. The scale of global decarbonization to achieve this requires systemic economic and social adjustments, and economic incentives and sanctions in favour of a net-zero economy to enable the transformation of sectors, organizations, and business models.

Presenting a new economic growth strategy in the face of the climate crisis, the Green Deal is a plan that aims to make the European Union climate neutral by 2050 and offers a significant opportunity for the transition to a net-zero economy.

A signatory to the Paris Agreement, Türkiye updated its Nationally Determined Contribution³ (NDC) pertaining to targets to reduce greenhouse gas emissions in line with the European Green Deal, and submitted the updated document to the United Nations Secretariat in 2023.

Companies moving towards a net-zero economy are observed to apply a comprehensive and holistic management model to convert risks into opportunities. Transitioning to net zero offers three main areas of opportunity to organizations:

- 1- Quick response in R&D and innovation projects to achieve more cost-effective and more efficient decarbonization processes and products;
- 2- Replacing high-emitting products and processes with low-emitting product and process design responding to the next-generation customer and market demands, and circumvent potential market loss due to global emission regulations;
- 3- New lines of business to support decarbonization efforts as outlined in the first two categories. (Six Characteristics Define the Net-zero Transition - McKinsey)⁴

Management Structure

The responsibility for climate-related matters falls on the highest executive level at Tekfen Holding, which is the Board of Directors. However, there are committees in place within the Company to assist the Board of Directors with successful execution of their roles and responsibilities on climate. Among these, the “Early Detection of Risk Committee” and

³ Nationally Determined Contribution

⁴ Six Characteristics Define the Net-zero Transition - McKinsey

“Corporate Governance Committee” support the Board of Directors on climate-related matters. The climate-related responsibilities of the Board and these two Committees include developing strategies and overseeing the management of climate-related risks and opportunities.

All climate-related matters except risk management are undertaken by the Corporate Governance Committee. Reporting to the Corporate Governance Committee is the Sustainability Committee chaired by the President of Tekfen Holding Group Companies. The Sustainability Committee is responsible for holistic management of all climate- and sustainability-related matters as well as creating strategies, roadmaps, targets, policies, and reports necessary for mitigation and adaptation to climate change which sits at the core of the Group’s “Bridging Prosperity” vision, while also ensuring integration of sustainability into all core business processes in line with the Group’s priorities, and assuring active participation of the Group Companies in these processes.

The President of Tekfen Holding Group Companies, who serves as the chair of the Sustainability Committee, informs the Corporate Governance Committee as well as the Board of Directors on the risks, opportunities, various scenarios, and possible actions.

Climate Risks and Opportunities

The primary focus of Tekfen Holding’s climate crisis management is its activities with chemicals, which also cover the fertiliser industry with the highest Scope 1 and 2 emissions, and its contracting activities, which also cover the oil and natural gas industries. The Engineering and Contracting Group and the Chemistry Group, which have the largest shares in Tekfen Holding’s turnover, operate in industries vulnerable to the effects of climate change, which poses significant risks for both areas of activity.

The Carbon Border Adjustment Mechanism, established as part of the climate neutrality plan by the European Union, foresees taxation per metric ton of greenhouse gases emitted during the manufacturing of products exported to the EU. The Carbon Border Adjustment Mechanism, which will enter into force on October 1, 2023, is expected to further increase the legal and political risks in carbon-intensive industries including steel, cement, and fertiliser.

The “Carbon Border Adjustment” will initially apply to carbon-intensive industries including iron-steel, aluminium, fertiliser, and electricity, which are subject to high risks of carbon release. Once entirely implemented, the Mechanism will cover 50 percent of

emissions within the EU Emissions Trading System. [\(Carbon Border Adjustment Mechanism - European Commission\)](#)⁵

Accordingly, as one of the biggest manufacturers in the Turkish fertiliser industry, Toros Agri is likely to be directly impacted by the “Carbon Border Adjustment Mechanism” in its commercial relations with the EU. Due analyses, research, and investments are underway to minimise Group-wide risks and to convert them into opportunities, as well as to boost the resilience of Toros Agri with corresponding adaptation and mitigation plans and strategies.

The Early Detection of Risk Committee monitors and manages risks across Tekfen Holding and convenes once every two months with the Group CEO, Risk Director, Vice Presidents, and Risk Managers. The Committee identifies risks (including climate-related) that threaten the existence, growth, or continuity of the Company, determines actions to mitigate and prevent them, and takes action to effectively manage these risks. Group Companies report periodically to enable risk monitoring. The Early Detection of Risk Committee reviews these reports once every two months, and submits major risks, comments, and evaluations to the Board of Directors.

Tekfen Holding identifies climate and water risks and opportunities, and integrates them into its business strategies. The main climate risks identified by Tekfen are:

<p>Policy risk</p>	<ul style="list-style-type: none"> • Due to the Carbon Border Tax, the carbon tax payable at the border for the products we export to the EU may lead to a decrease in profitability. • With the Green Deal, the consumption of chemical fertilisers is expected to decrease by 20 percent in EU member states, which may lead to a decrease in our chemical fertiliser exports. • With the Emissions Trading System, which is expected to be implemented in Türkiye soon, we will see an increase in operational costs.
<p>Market risk</p>	<p>With the decreasing share of fossil fuels in energy, new investments in fossil fuels are expected to decrease in the coming period. This situation poses a significant risk for our Engineering and Contracting Group Companies, which carry out most of their projects in the oil and gas industries.</p>

⁵ [Carbon Border Adjustment Mechanism - European Commission](#)

Technology risk	Low-carbon technologies in production are influential for Toros Agri, which operates in an emissions-intensive industry.
Reputational risk	International initiatives to combat climate change and the increasing demands of local communities and NGOs may lead to increased stakeholder pressure on Tekfen's contracting activities in the oil and natural gas industries and fertiliser production activities that cause high N ₂ O (nitrous oxide) emissions.
Physical risks	The agriculture industry is one of the industries at greatest risk from the climate crisis. Extreme weather events such as storms, floods, hail, and heat waves lead to the shrinkage of agricultural lands and the deterioration of soil quality, which decreases the viability of fertiliser usage and farmers' access to fertilisers due to reduced purchasing power. Reduced fertiliser use negatively affects agricultural production efficiency and the farmer's economic conditions while posing a significant threat to food security. While the decrease in fertiliser consumption poses a risk for Toros Agri, the change in precipitation and the frequency increase of extreme weather events will likely adversely affect Tekfen Agri's agricultural production activities.

Tekfen Group Companies take different steps to manage climate risks and to seize opportunities.

Engineering and Contracting Group

A working group has been established within Tekfen Engineering to develop the company's competencies in designing environmental technologies. This group has researched traditional and next-generation environmental technologies and identified the target markets for the Engineering and Contracting Group. The content of the activities carried out is covered under the following subjects and supported by the relevant projects and communication channels:

- Traditional Environmental Technologies: Water treatment, industrial and domestic wastewater treatment, air pollution and control, sulphur recovery, and flue gas remediation, and solid waste management.
- Clean Energy and Production Technologies: Waste-to-energy (traditional biogas), waste-to-biofuel/biochemicals (gasification process), plastics recycling (chemical recycling), solar power, wind power, hydrogen and fuel cells, biofuel/biochemical production from 2G biomass, carbon capture, storage, and reuse.

- Environmental Infrastructure: Water supply and distribution, wastewater removal, and sustainable transportation.

With the decreasing share of fossil fuels in energy, new investments in fossil fuels are expected to follow suit in the coming period, presenting a market risk for the Contracting Group. The Group diversifies its quote portfolio and fields of activity in line with its competencies to brace against the risk.

Toros Agri

Toros Agri, through its well-versed multi-disciplinary working group, continued to implement its roadmap for action on the early preparation and adaptation strategy for the “Carbon Border Adjustment Mechanism” and the “Emissions Trading System,” which stood out as one of the major risks for the company. Toros Agri also launched its roadmap to Net-Zero Carbon Emissions. The company progressed on the verification of emissions reduction projects and corresponding investments to reduce its carbon footprint across its entire value chain and, subsequently, on obtaining carbon certifications (carbon credits) for verified emissions reductions (vers).

The target of reducing chemical fertiliser use as part of the EU Green Deal From Fork to Fork and Biodiversity Strategy for 2030 and the shrinkage it will cause in the market is another major risk for Toros Agri. To this end, Toros Agri continues its work on expanding its portfolio of plant nutrition products with a focus on specialty fertilisers, as well as organic and organomineral product offerings to manage its risks and opportunities created by changing market conditions. By expanding its product portfolio, the company has a solid plan to generate some of its sales volume from organomineral, microbial, inhibitor, and biostimulant fertilisers. The EU certification process of organic fertiliser contents has been completed. Furthermore, investments in the Gönen and Meram Renewable Energy Plants, both successful examples of the circular economy, boost Toros Agri’s share in the organic fertiliser market.

Tekfen Agri

Meanwhile, Tekfen Agri carries out seed breeding projects for seeds resistant to new climatic conditions and drought.

The Group Companies conduct energy studies at all fixed facilities, and energy efficiency projects are determined and implemented accordingly. Tekfen Group also contributes to

the “Bridging Prosperity” vision with energy-efficient and sustainable buildings and infrastructure services in its real estate development and facility management activities.

The [Carbon Disclosure Project \(CDP\)](#)⁶ details information on climate risks and management.

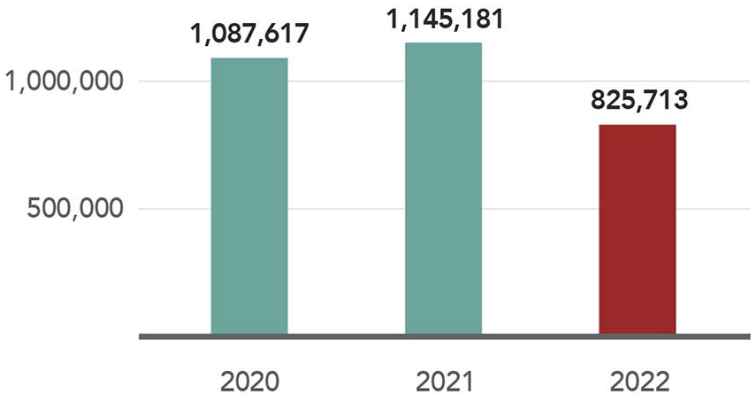
Climate Targets and Indicators

Tekfen Holding aims to achieve net-zero emissions by 2050 in line with climate-crisis efforts and initiatives. The company launched the “Tekfen Net-Zero Roadmap” in 2021 to lay out a tangible plan to achieve net zero, and continued to work on identifying science-based emissions targets towards the 1.5°C goal in 2022.

Tekfen continues to work toward total compliance with the medium- and long-term emissions reduction targets set in 2020. The current medium- and long-term targets of the Group are:

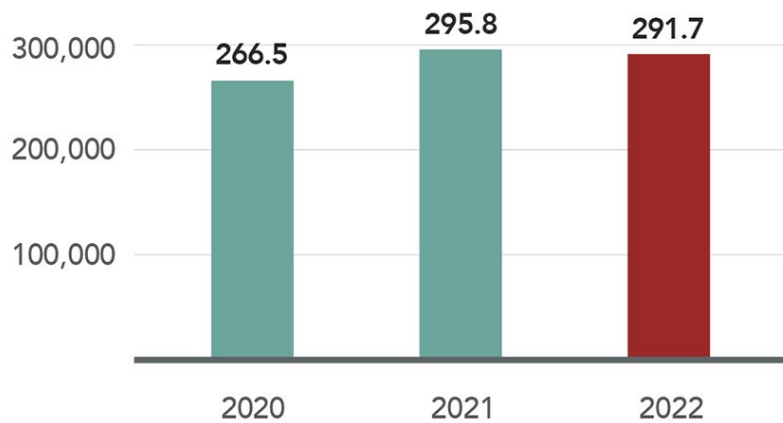
- **Target 1: By the end of 2025, the total Scope 1+2 emissions will be reduced by 15 percent compared to 2019.**
- **Target 2: By the end of 2037, the total Scope 1+2 emissions will be reduced by 40.2 percent compared to 2019.**

Tekfen Group Companies completed two new projects in 2022 that contributed to emissions reduction while minimising operational emissions. As a result of these projects, the Group has achieved approximately 2,374 MWh in energy savings and nearly 32.7 million Turkish lira in financial savings in 2022.



**Total Greenhouse Gas Emissions (tCO2e)
(Scope 1+2)**

⁶ [Carbon Disclosure Project \(CDP\)](#)



**Total Renewable Energy Production
(Waste Heat, Solar and Biomass - thousand MWh)**

Tekfen Construction

In line with the net-zero targets, the company generates electricity from solar power panels relying on renewable energy. As of 2022, the share of renewable energy in total energy use in our facilities is 30 percent at the FNN Sustainability Centre of South Anatolia Main Repair and Maintenance Facility and 59 percent at the Ceyhan Manufacturing Plant.

Tekfen Engineering

The HiFlex (High Storage Density Solar Power Plant for Flexible Energy Systems) project, launched in 2019 to reduce the carbon footprint of the Barilla pasta factory in Foggia, Italy, requires a tower-type concentrating solar power plant. Tekfen Engineering undertakes the solar power site engineering of the EU-backed project.

Tekfen Engineering is one of the partners of the “ESCALATE” project supported by the European Commission under the Horizon Europe program. Having received a grant for the project, Tekfen Engineering is responsible for the design, install, and operation of a mobile hydrogen refueling station, and the preparation of a hydrogen refueling standard for the battery and hydrogen fuel-cell vehicles.

You can read more on the HiFlex and ESCALATE projects under the Innovation chapter of the 2022 Sustainability Report.

Tekfen Manufacturing

Tekfen Manufacturing obtained the International Renewable Energy Certificate (I-REC) for its Derince Plant, relying entirely on 100 percent renewable energy across the facility.

Toros Agri

Toros Agri launched its roadmap to Net-Zero Carbon Emissions to assess opportunities along the value chain to reduce greenhouse gas emissions and to develop decarbonisation targets in line with the net-zero goal. In this context, the company finalised its emissions reduction strategies throughout its value chain by 2050 in line with international standards and completed project evaluations, feasibility studies, as well as finalising the process of identifying priority investments.

The Nitric Acid Production Facility at the Mersin Plant is the greatest source of Scope 1 emissions for Toros Agri. Within the scope of the preparations to install a new N₂O (nitrous oxide) catalyst system, suitable technology, reduction method, and design for the facility were evaluated and determined. A detailed technical evaluation process is still underway to ensure that the designated solution helps reach the desired reduction targets without undermining the facility's production efficiency, product quality, safe operation limits, and useful economic lifecycle of the plant. The goal of the catalyst investment is to achieve a reduction of 80 to 85 percent in N₂O emissions, which play a major role in climate change. The project is planned to be completed in 2023 and aims to reduce the Group's total scope 1 emissions by 600,000 to 650,000 metric tons of CO₂.

As for the Verified Emission Reduction (VER) certificates for the Toros Agri facilities, Gonen and Meram Renewable Energy Facilities advanced to the Gold Standard (GS) final report and verification process, respectively; and the Samsun Production Plant completed a registration on Global Carbon Council (GCC) for waste-heat-recovery energy generation.

Tekfen Agri

The European Union and TÜBİTAK projects performed at the Agripark R&D Centre continued in 2022. The goal is to improve agricultural productivity and farmer welfare through collaboration with international organizations and universities while reducing the environmental impact caused by operational activities with innovative products resistant to drought and efficiency studies in production processes. In 2022, three TÜBİTAK projects were submitted, one of which was on an international scale, and over 20 business ideas are on hold on the database.

The International Consortium Meeting of the Sustainable Agriculture Matrix (SAM) project, run in partnership with Sabancı University, Toros Agri and Tekfen Agri, and supported by the Belmont Forum, took place in İstanbul in 2022. Approximately 20 researchers from six different countries attended the meeting.

You can read more on Tekfen Agri projects under the Innovation chapter of the 2022 Sustainability Report.

Tekfen Tourism

Improvement works have been carried out since 2014 to reduce the environmental impact of Tekfen Tower. As of 2021, the entire building uses LED lighting. The engines of the cooling towers connected to the air conditioning system, one of the largest energy consumers in the building, were renewed with high-efficiency engines and integrated into the automation system, enabling them to operate at the required speed. Additionally, the automation system of the radiator assemblies in the building was made controllable with a web-based interface, resulting in more efficient and effective air conditioning.

In 2022, the company took off to install a waste heat recovery system on the natural gas chimney at the building. The system is scheduled to launch operations in 2023 to achieve a total 90,000 kWh energy saving per year. The ISO 50001 Energy Management System certification process, initiated this year, is planned to be completed in 2023 as well.

Tekfen Foundation

Türkiye's and Europe's first carbon-negative biorefinery under the project Integrated Biorefinery Concept for Bio-Economy Driven Development (INDEPENDENT) commenced operations at Boğaziçi University's Kilyos Sarıtepe Campus. The facility, supported by the Tekfen Foundation in the construction of the laboratory building, will manufacture 11 different moss-based biotechnological products including biofuels, functional foods, and biofertilisers.

Use of Natural Resources and Waste Management

The efficient use of resources is vital for a sustainable future. In March 2020, the European Commission approved the circular economy action plan, a building block for Europe's new agenda priority on sustainable growth, the European Green Deal. A prerequisite to achieving the EU 2050 climate neutrality goal and preventing biodiversity loss, the action

plan will accelerate the transition into the circular economy, relieve pressure on natural resources, and enable sustainable growth and employment. ([Circular Economy Action Plan - European Commission](#))⁷

Tekfen carries out projects to prevent waste generation at the source, reuse the waste, and thus preserve the value of the resources following the principles of a circular economy. The company continuously conducts research, improves its business processes, and makes investments to enhance efficiency while reducing resource consumption in all areas.

With its resource efficiency investments, Tekfen aims to use natural resources such as raw materials, energy, and water more effectively. Tekfen also aims to create more value with less input while contributing to reducing the environmental impact of its stakeholders with products and services such as correct fertilisation guidelines and practices that support the reduction of water consumption in addition to green buildings.

Water Management

The climate crisis translates into a water crisis and the increasing water stress aggravates the consequences of the climate crisis in many regions. Research indicates that seven major sectors are responsible for 70 percent of global clean water pollutants and use: textile, food, energy, industry, chemical, pharmaceutical, and mining. The industry and energy sectors account for 19 percent of total clean water withdrawals while agriculture accounts for 72 percent. ([Partnerships and Cooperation for Water, Industry and Energy - UNESCO](#))⁸

Competition for freshwater between cities and agriculture is projected to grow due to rapid urbanization, for which urban water demand is projected to increase by 80 percent by 2050. ([Partnerships and Cooperation for Food and Agriculture - UNESCO](#))⁹

Türkiye is among the countries that experience water shortages and faces the risk of becoming a “water-scarce country.” The current 1,400 cubic meters per capita is predicted to drop to 1,100 cubic meters by 2030.

Tekfen Group Companies considers water as one of the most valuable natural resources and work to identify risks and opportunities related to water, manage water correctly, and reduce their water footprint.

⁷ [Circular Economy Action Plan - European Commission](#)

⁸ [Partnerships and Cooperation for Water, Industry and Energy - UNESCO](#)

⁹ [Partnerships and Cooperation for Food and Agriculture - UNESCO](#)

The main water risks identified by Tekfen are:

- Decreasing agricultural productivity due to the water crisis might economically impact small-scale farmers. This will reduce the number and purchasing power of farmers, a major customer group of Toros Agri, subsequently bringing fertiliser sales down.
- Tekfen Agri also faces the risk of decreased productivity in agricultural production due to increasing water stress.
- Both water supply and quality are expected to deteriorate. We expect legal pressure to intensify against deteriorating water quality and nitrate pollution stemming from agricultural activities. This might escalate compliance costs regarding nitrate pollution in fertiliser operations at Toros Agri.

Detailed information on water risks and management can be found in the [Carbon Disclosure Project \(CDP\)](#)¹⁰ report.

Tekfen Group Companies take different steps to manage water risks and seize opportunities.

To use water effectively and efficiently, Tekfen Agri invests in technologies that monitor plants' water needs and uses smart irrigation systems. Sensors measuring soil moisture and weather stations are used in Alanar Fruit Company orchards to ensure efficient water use. Only drip irrigation and mini sprinkler systems are used in these orchards.

Studies are carried out at Tekfen Agri and Toros Agri R&D Centres to develop products and seeds compatible with changing climatic conditions. Through its R&D work and new portfolio of offerings, Toros Agri increases its production and sales of specialty water-soluble fertilisers. Specialty fertilisers are preferred for drip and sprinkler irrigation systems as they require less water. Toros Agri also contributes to prevent nitrate pollution by helping farmers apply fertiliser best management practices through 4R Nutrient Stewardship principles in enabling farmer use the right fertiliser source at the right time, the right rate and the right place. To do so, Toros Agri uses farmer capacity building programs and digital and face to face training tools such as training videos, the Toros Çiftçi App, and face-to-face farmer trainings through its Farmers Academy and Technical Agronomists.

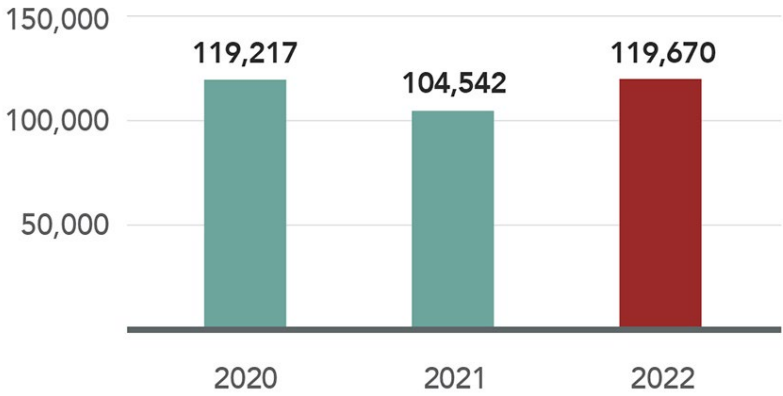
To minimise overall water withdrawals, Toros Agri Samsun Plant launched a new project to recover raw water used as a coolant at the ammonia storage facility. Scheduled to be

¹⁰ [Carbon Disclosure Project \(CDP\)](#)

completed in 2023, the project will save 907,200 m³ of water per year as well as 259 MWh in energy savings and nearly 1 million Turkish liras in financial costs. The amount of water saved corresponds to the annual water consumption of 3,000 households.

The Water Treatment and Wastewater Recycling and Recovery Project is still underway at Toros Agri's Mersin Plant. After completion, the project will enable the treatment of wastewater, the recovery of ammonia and nitrate in wastewater, and the rehabilitation of the existing demineralization system at the facility.

As part of the pre-commissioning of Tekfen Construction's ongoing Satellite Haradh Gas Compression Plants Pipeline Package project in Saudi Arabia, 35,000 m³ of water was saved through reuse in 2022, totalling 270,000 m³ throughout the project's entirety.



Total Amount of Water Withdrawn (megalitres)

Waste Management

Depleting natural resources present substantial business opportunities to organizations determined to restore natural ecosystems. A key step here is to preserve the efficiency of raw materials and products before they become waste, and then to ensure recycling. The amount of global waste generation, however, is expected to reach 2.2 billion metric tons per year by 2025, with only 15-20 percent of total waste recycled. Furthermore, in addition to harming human and environmental health, mishandling waste aggravates climate change. (Reducing Waste is Critical for Building a Circular Economy - World Economic Forum)¹¹

¹¹ Reducing Waste is Critical for Building a Circular Economy - World Economic Forum

Reducing waste at the source, correct disposal, and adopting circular economy principles are critical for sustainability. The adoption of circular economy principles and the renewal of systems in line with these principles lead to positive environmental, social, and economic results. Innovative business models suitable for the circular economy create new employment areas on top of reducing carbon emissions while enabling the creation of new financial resources for the private sector. [\(Circular Economy: Definition, Importance and Benefits - European Parliament\)](#)¹²

The waste management approach by Tekfen Group Companies stipulates reducing waste stemming from operations, sorting at the source, and recovering the eventual waste. In line with this waste management strategy, Tekfen follows the “zero-waste” goal, a resource and waste management approach based on circularity. The “zero-waste” approach postulates avoiding the excessive use of resources and preventing, reducing, recycling, and recovering waste. Producing compost and energy from organic wastes, recycling waste and bringing it into the economy, reusing construction waste in other operations, and reducing food losses in agriculture with climate-resilient agriculture models are some of the Company’s best practices to this end.

Ten Tekfen Company plants received the “Basic Level Zero Waste Certification” in 2020 and 2021. At Tekfen Tower, the requirements for the transition to the Zero Waste Management System were fulfilled in 2021, waste management systems were completed in 2022, and the application was concluded for “Basic Level Zero Waste Certification” the same year.

Tekfen Group Companies carry out projects to prevent waste at the source and to minimise waste/reduce waste to zero:

Engineering and Contracting Group

- The Engineering and Contracting Group recycles or reuses waste generated during construction activities and minimises dust formation by using reclaimed asphalt at temporary construction sites.
- Biodegradable waste, including raw vegetables and fruits, from the Tekfen Manufacturing Derince Plant are handed over to Derince Municipality. The municipality then composts the collected organic waste to use as fertiliser.

¹² [Circular Economy: Definition, Importance and Benefits - European Parliament](#)

Toros Agri

- There is no process-based product waste arising from Toros Agri's fertiliser production facilities. Wastage that occurs during production is re-used in production in line with quality control and assurance criteria.
- Toros Gönen Renewable Energy and Toros Meram Renewable Energy, subsidiaries of Toros Agri, produce biogas and generate electricity from the organic wastes they obtain from their regions while also producing organic and organomineral fertilisers from gasified waste. Successfully demonstrating the principles of the circular economy, these businesses not only ensure the disposal and use of organic wastes in the region but also generate energy and introduce new products to the economy.
- Following the environmental sustainability strategies that focus on ensuring waste management at the source and through recycling to ensure more circular economy opportunities, a Phosphogypsum (PG) Working Group was established within the R&D Centre with the participation of senior executives from all relevant business units and production facilities also for the use of PG reserves at Toros Agri's Mersin and Samsun Plants and to turn PG into a resource for alternative uses in multiple industries. The PG Working Group focuses on exploring a variety of innovative ways such as producing high-added-value products by refining PG from its chemical and physical impurities, its use as a raw material, as a soil regulator to increase soil and plant efficiency, as an additive in plaster and cement industries, and as a filler in road construction. As a result of academic and corporate collaborations in the area, the use of phosphogypsum as a calcium sulphate soil regulator has been officially registered.

Tekfen Agri

- Tekfen Agri started to measure the environmental footprint of its products by carrying out the Life Cycle Assessment (LCA) and completed the "Cradle-to-Gate" LCA for sesame seeds in 2020. As a result of the studies conducted, Tekfen Agri has obtained the Environmental Product Declaration (EPD) certificate. The company is also the first company in Türkiye to receive an EPD certificate in the agriculture and food industries, and also the first company globally to receive an EPD certificate for sesame seeds.
- As part of the Zero-Waste Project carried out at the Agripark R&D Centre, vegetable wastes are sent to the biogas facility for energy and organic fertiliser production. With the Agripark Compost Project, the company has invested in a composting machine to compost the organic wastes.

Tekfen Tourism

- Tekfen Tourism (Tekfen Services) sorts organic wastes, oil wastes, electronic wastes, and other recyclable wastes coming from the cafeterias at the source and sends them to licensed companies for proper disposal.

Biodiversity

Biodiversity is an essential component for the continuity of life on earth. Genes, species, and ecosystem services are critical inputs to many production processes, and businesses need healthy ecosystems to treat and distribute their waste and maintain soil and water quality. However, as humans exhaust natural resources at an unprecedented pace, putting the planet under immense pressure, the risk of unbalancing ecosystems and biodiversity loss escalates.

Tekfen Group, operating in industries that impact biodiversity, such as construction and agriculture, is committed to taking necessary measures for the conservation of ecosystems and species during its activities in line with its Biodiversity Policy. Management of the biodiversity risk is based on the Biodiversity Action Plan, the Ecology Management Plan, and the Environmental Impact Assessment Reports. To that end, the Group carries out activities such as wildlife observation and protection practices, the relocation of species found in project areas to similar habitats, and rehabilitation.

2. Innovation

Science, technology and innovation (STI) are crucial for resilience and adaptation, as the crises of recent years have shown. Creating solutions based on these three principles and engaging with other social stakeholders are the most important components of the radical change needed to tackle global crises. (OECD Science, Technology and Innovation Outlook 2023: Enabling Transitions in Times of Disruption - OECD)¹³

Following world-shifting megatrends such as the climate crisis, population increase, demographic and social change, urbanisation, and technological advancements, Tekfen integrates digital transformation and innovation into its businesses and allocates resources to initiatives that bring new technologies to its practices. As one of the three pillars of

¹³ OECD Science, Technology and Innovation Outlook 2023: Enabling Transitions in Times of Disruption - OECD

Tekfen's sustainability vision, R&D and innovation efforts include sustainability performance optimisations of business processes, products, and services.

Tekfen Holding companies operate in industries open to innovation and technological development. New engineering practices, digitisation, and automation shorten the business processes in contracting projects, minimise error rates, and contribute to safer working environments by reducing occupational health and safety-related risks. In the agriculture industry, the main subjects of the innovation approach include the development of seeds resistant to changing climatic conditions and drought, the responsible use of natural resources, innovative production methods that will increase agricultural productivity, advanced agriculture technologies, and low-carbon fertilisers and harvesting methods. Tekfen Agri and Toros Agri carry out these activities under their R&D Centre's leadership.

R&D Studies

Today, the critical technologies needed to develop new products, services, and business models depend heavily on R&D investments by companies. With their R&D and innovation strategies, companies also significantly improve their sustainability performances.

Tekfen invests in innovative technologies that create added value and benefit both the society and the environment across all its business lines to ensure service quality and customer satisfaction, to improve competitiveness, and to support its sustainable transformation. In this context, the Company focuses on developing a culture of R&D and innovation by creating structures and mechanisms that support innovation within the Group.

Group Companies have a total of four R&D centres. In addition to its R&D centers, Tekfen conducts both internal and external R&D, innovation, and entrepreneurship activities in a corporate framework through Tekfen Ventures and the FNN Tekfen Incubation Centre at Boğaziçi University.

In 2022, nearly TRY 73 million was invested in R&D across the Group. These efforts resulted in four patents and one utility model application.

Toros Agri R&D Centre and Tekfen Agri Agripark R&D Centre employ 40 full-time equivalent employees, 24 of whom are full-time R&D personnel. Tekfen Manufacturing Design Centre carries out its activities with 27 employees.

Toros Agri

Representing Toros Agri's science-based innovative approach and power, the R&D Centre was established in 2017 in the Mersin Production Facility as the first R&D Centre working on plant nutrients in Türkiye. The R&D Centre focuses on: developing innovative products that advance agricultural productivity and comply with the EU Green Deal climate neutrality requirements, locally producing products that are currently not produced in Türkiye, improving production processes, reducing plant nutrient loss rates, encouraging energy efficiency in production, decreasing environmental impact, enhancing soil productivity and physical structure, creating circular economy opportunities with the use of by-products and secondary resources, and implementing waste management.

The Toros Agri R&D Centre cooperates with local and foreign organisations, scientific institutions, and universities on projects to support agricultural development in line with the vision for sustainable agriculture. There are three currently running TÜBİTAK 2244 projects held in cooperation with Mersin University and Ankara University on raising a competent workforce for the industry, and TAGEM-backed projects held in collaboration with Çukurova University and the Bahri Dağdaş Research Institute.

In the centre, studies are being carried out to develop slow-release nano-fertilisers, to reuse phosphogypsum reserves and bring it back to the economy, and to develop an anti-cake product. In addition, studies to develop organomineral fertilisers are ongoing within the scope of the project program supported by the General Directorate of Agricultural Research and Policies (TAGEM).

In 2022, Toros Agri cooperated with Erciyes University, Çukurova University, and İstanbul University and created applications as part of "S-ATP: Sustainable Agriculture Technologies Platform to Adapt to the Global Climate Change in Turkish Agricultural Production" and to "BLUE PLATFORM: Developing Innovative Solution Models and Products to Ensure Sustainable Use of Marine Resources and Enhance Food Supply Security." The S-ATP and BLUE PLATFORM projects involve the development of solid and liquid fertilisers with microbial additives and their greenhouse and field trials.

Studies for the Sustainable Agriculture Matrix (SAM) Consortium were maintained in cooperation with Sabancı University and Tekfen Agri. The funding for the SAM Consortium was granted on the international platform in 2020 under the leadership of the Maryland Center for Environmental Science and under the call of the Belmont Forum. The SAM, which measures sustainable agriculture in terms of environmental, economic, and social aspects, was developed within the project's scope. Studies on upscaling national SAM indicators to

a global level are still ongoing. The assessment processes are also underway for project cooperation with national and international organisations in response to numerous calls as part of the international support programs.

In the context of R&D and innovation culture:

- International peer-reviewed journals approved 11 articles prepared by Toros Agri R&D Centre, and six were published. The aim is to further develop scientific literature for the industry by creating platforms where scientific studies can be shared with academia.
- Since 2019, Toros Agri has been publishing the İNOVATİF - Toros Innovation Bulletin to promote a culture of innovation. The bulletin includes innovations in the agricultural industry, technological developments in agriculture, sustainable agricultural practices, and interviews.
- Toros Agri participated in and contributed to the Green Growth Technology Road Map: Chemicals and Fertiliser Industry by the TÜBİTAK Department of Science, Technology, and Innovation Policies.

Tekfen Agri

Tekfen Agri directly contributes to overall agricultural productivity and quality by providing farmers with high-quality seed, seedling, and sapling varieties. The company's Agripark campus in Adana is Türkiye's first technological agriculture centre, and it remains one of only a few today. Since 2004, the centre has been producing disease-free seeds and seedlings through the tissue culture method and conducting crop seed breeding studies. In 2018, it was registered as an R&D centre. It now utilises Anatolia's rich biodiversity as a resource and carries out studies for the future of Turkish agriculture.

The R&D Centre has worked on a total of 17 projects to date. Six of these have been completed, and 11 are ongoing. Of these projects, 11 are self-funded, four are nationally funded, and two are internationally funded. In addition, there are three international TÜBİTAK projects, one of which was applied for in 2022. More than 20 business proposals are in the database. TÜBİTAK's 2244-Industry Ph.D. program was launched to support the employment of Ph.D. researchers in the industry. In 2022, it continued with two separate projects that will shape the future of Turkish agriculture.

Within the scope of the studies carried out at Agripark R&D Centre:

- Agripark is the first and only private R&D centre registered in plant production and seed breeding. It produces more than seven varieties of potato seeds using its potato

seed tissue culture method, one of its main areas of focus. Additionally, various R&D projects are carried out at the centre to develop disease-resistant potato varieties.

- Agripark develops efficient and high-quality bread wheat, durum wheat, triticale, and barley varieties by utilising the rich gene resources of Anatolia, historically the homeland of wheat. In 2022, two bread wheat varieties (Tekfen 1028, Tekfen 2040) were registered by the Central Directorate of Seed Registration and Certification (TTSM) of the Turkish Ministry of Agriculture and Forestry. In addition, applications for registering two other bread wheat varieties (Tekfen 1189, Tekfen 2171) were made, and production permits were obtained.
- It uses modern biotechnological methods and accelerated breeding technology besides classical methods in wheat breeding and has so far developed 14 bread wheat varieties.
- Tekfen maintained its cooperation with the Sabancı University Nanotechnology Research and Application Centre (SUNUM), Akdeniz University Technology Transfer Office, Çukurova University, and the General Directorate of Agricultural Research and Policies.
- As part of a small- and medium-sized enterprises (SMEs) cooperation, the TÜBİTAK-funded project “Ensuring the Traceability of Fruits from the Branch to the Consumer with Blockchain Technology,” run with blockchain specialist TUBU R&D Inc., was successfully completed in 2022.
- Since 2009, the “Project for the Development of Domestic and National Wheat Varieties through the Use of Ancestral Seeds,” which has been carried out at Agripark in cooperation with Çukurova University, received an award at the Sustainable Future Summit organised by the Turkish Federation of Automotive Maintenance Associations (TOBFED) for its contributions to agricultural sustainability.
- Agripark’s close cooperation for banana saplings with Tropic Biosciences, which is in Tekfen Ventures’ investment portfolio, also continued in 2022. Tropic Biosciences conducts breeding studies to enhance the nutritional value and yield of bananas, a vital food item worldwide and ensures they remain free of viruses and fungal diseases.
- As part of the Open Innovation Program, collaborations were made with the Sabancı University Nanotechnology Research and Application Center (SUNUM), Çukurova University, Erciyes University, Sabancı University, TUBU Kobi, DOKTAR Kobi, and the Scientific and Technological Research Council of Türkiye (TÜBİTAK).

Tekfen Engineering

HiFlex Concentrated Solar Power Plant

Tekfen Engineering handles all engineering efforts for the solar field of the Italian pasta brand Barilla, one of the leading pasta producers worldwide. This solar field is a main component of the EU-supported HiFlex Project initiated by 11 companies from seven countries and aims to reduce the brand's carbon footprint. As part of the project, a demonstration plant consisting of five heliostats (solar tracking mirrors) was commissioned in 2022 in İstanbul Technopark, where Tekfen Engineering's R&D office is also located.

ESCALATE Project

Reducing emissions from the transportation industry also plays an important role in creating a net-zero emission economy model. Sustainable biofuels, low-emission hydrogen and derivatives are the leading fuel alternatives for reducing carbon emissions from land, sea and air transportation.

Tekfen Engineering has been awarded a grant under the European Commission's Horizon Europe program with its "ESCALATE: Powering EU Net Zero Future by Escalating Zero Emission HDVs and Logistic Intelligence" project. Thirty-seven partners from 13 different countries are involved in the ESCALATE project. Mercedes-Benz Türk, BMC, and Ford Otosan are the platform manufacturers from Türkiye.

As part of the project, the vehicles are planned to travel 500 km per day for six months with battery-powered and hydrogen fuel cell trucks in 10 separate demos, one of which will be virtual. Tekfen Engineering will design, manufacture, and operate the mobile hydrogen refueling station for the duration of the project. In addition, the European Union Hydrogen Refueling Stations standards will be established as part of the project. The total duration of the project is 42 months.

Tekfen Ventures

Tekfen Ventures is a corporate venture capital firm established in 2016 to seize opportunities in the world of global entrepreneurship and to invest in early-stage tech startups. The company closely monitors innovative initiatives in the main industries in which Tekfen Group operates; comprehensively examines the market positions, business models, and plans of these promising initiatives; and invests in companies at the right stage in cooperation with leading global financial and institutional shareholders.

The field trials between Toros Agri and Phospholutions, a Tekfen Ventures investment in soil technology; the agreement between Tropic Biosciences and the Agripark R&D Centre for banana sapling starter materials; and the cooperation between Petra, the developer of non-contact tunnelling technology, and Tekfen Construction are all examples of seized strategic, commercial and mutually beneficial opportunities.

In 2022, Tekfen Ventures included Laverock Therapeutics in its investment portfolio. This new biotech startup aims to employ cell and gene therapy in the healthcare industry. Laverock, a subsidiary of Tropic Biosciences, one of Tekfen Ventures' previous investments, utilises gene technology to treat life-threatening diseases such as cancer and Type 1 diabetes.

As of 2022, Tekfen Ventures has 12 startups operating in various areas in its portfolio. In the upcoming period, the company will continue to support sustainability-oriented and life-improving innovative initiatives that redesign the global agricultural, construction, and manufacturing industries.

Tekfen Ventures Investments

You can learn more about these initiatives on Pages 116 to 135 of the [Tekfen Holding Annual Report](#).

Avvir

Offering AI-powered technologies to the construction industry, Avvir's reality analysis solutions improve project workflows, schedules, and outcomes by leveraging onsite data and enhanced building information modelling (BIM).

Claroty

This security company focuses on cyber-physical systems for industrial facilities, businesses, and the healthcare industry. It offers solutions to organisations worldwide to protect their industrial assets, connections, and processes.

Latch

Latch is a smart access technology company that provides smart locks and access management solutions for residential and commercial properties.

Mosaic

Mosaic utilises computer technologies to help construction companies of all sizes in the housing industry work more efficiently. With its technology-driven approach, the company aims to standardise the construction process rather than the products and materials.

Petra

Petra develops non-contact tunnelling technologies that can drill efficiently and inexpensively in all geological structures. The rock drilling robot it has developed facilitates the transfer of electricity, gas, water, and similar infrastructure systems to underground environments, making them safer and more economical.

Phospholutions

Phospholutions's patented product RhizoSorb is a soil amendment and fertiliser additive that increases phosphorus absorption by crops. It is also used to increase phosphorus fertilisers' efficiency and to reduce their environmental impact.

Pivot Bio

Pivot Bio uses microbes to produce and uptake nitrogen, which plays a key role in plant growth. This new approach reduces nitrogen loss from the soil through water and increases yields by continuously supplying crops with nitrogen. It also helps tackle global warming and surface water loss.

Sight Machine

Sight Machine is a complementary manufacturing data platform that offers software solutions to support profitability, productivity, and sustainability in the manufacturing industry as it collects all production information in an industrial facility and transforms it into real-time reports.

Soft Robotics

With the gripper system solutions it has developed for irregular and delicate products, Soft Robotics enables the transfer of different objects, individually or in groups, from one environment to another at high speed. The company launched its best-in-class pick-and-place system mGripAI, offering industrial robot solutions to the world's leading food manufacturers and helping them enhance productivity and quality, reduce their carbon footprint, and lessen their dependency on human labour.

StrongArm Technologies

It utilises IoT sensors to enhance occupational health and safety and reduce the risk of workplace accidents.

Tropic Biosciences

This leading agricultural biotechnology company utilises its Gene Editing induced Gene Silencing (GEiGS) technology to develop high-performance varieties of tropical crops, including bananas, coffee, and rice, which are crucial to our global food supply, and to make these crops more resilient to diseases.

Laverock

Laverock Therapeutics is a biotech startup targeting enhancements to the cell and gene therapy subsegment of human therapeutics. It utilises the GEiGS Technology platform to develop tunable, easily scalable allogeneic cell therapies for tough-to-cure indications, including cancer and Type 1 diabetes.

Digitalisation

In today's world, rapidly advancing digitalisation is increasing its importance day by day to maintain competitiveness in the business world while facilitating transformation. Digital transformation, which refers to the integration of digital technologies into an organisation to achieve greater productivity, efficiency, and sustainability, has come to represent a cultural transition in recent years, encompassing more agile and intelligent ways of doing business. (Digital Transformation: Statistics & Facts - Statista)¹⁴

Tekfen places great importance on technology management for the continuity of its businesses and their competitive nature. Besides considering the needed system infrastructures, corporate business solutions, information security matters, and compliance issues, Tekfen considers every project in terms of sustainability and works toward lowering carbon emissions.

The Information Technologies Committee was established to coordinate joint Tekfen Group Company projects. The committee's main activities are IT quality management standards, information security, and purchasing. The companies also added joint projects to their short- and medium-term business plans. In 2022, the decentralised system components of companies were united in the Tekfen Data Centre in Tekfen Tower as a shared service point for the Group. In doing so, Tekfen has gained the potential to operate two data centers along with the Disaster Rescue Centre, established in Ceyhan in 2021. The centralisation of different data centres has minimised operation costs and reduced carbon emissions.

¹⁴ Digital Transformation: Statistics & Facts - Statista

Operational Efficiency

As part of its digital transformation projects, Tekfen aims to increase operational efficiency by designing shared platforms and applications and corporate business solutions for Group Companies. To this end, TekFlow, the workflow and process management platform, was improved and new processes were developed to meet the needs of business units.

- All current management documents have begun to be managed and archived through authorisation matrices on the Tekfen corporate document management platform. Business process management, document management, and enterprise resource planning applications run integrated with web services.
- Artificial learning and machine learning algorithms have correctly forwarded requests to the relevant teams in the IT service request management application. This eased the workload of the experts responsible for demand assignments.
- Tekfen Holding plans to implement the R&D infrastructure update project. Robotic processes are being designed for information technologies, human resources, and finance applications. Work is ongoing to ensure that manual tasks are performed by robots.

Cybersecurity

Cyberattacks continue to increase in line with the recent technological advancements. Widespread cybercrime and cyber insecurity rank among the top 10 most serious global risks in the short and long term. Beyond cybersecurity regulations, new initiatives and investment areas are becoming increasingly important in the effective management and mitigation of cyber risks. ([Global Cybersecurity Outlook 2023 - WEF](#))¹⁵ ([Global Risks Report 2023 - WEF](#))¹⁶

- Tekfen Holding applies ISO 27001 Information Security Management System standards for data privacy and security. All Tekfen Group Companies refer to ISO 27001 standards and continuously improve their effectiveness.
- As part of information security, new software solutions have been integrated, and improvements have been made across Tekfen Holding to minimise security vulnerabilities that may be caused by remote access of all computer users. Design work has begun on the infrastructure that will monitor the security of users and systems 24 hours a day.

¹⁵ [Global Cybersecurity Outlook 2023 - WEF](#)

¹⁶ [Global Risks Report 2023 - WEF](#)

- The installation of systems that continuously monitor system vulnerabilities and enable real-time action has begun. This enables the system trace records of each activity to be kept in detail.

Tekfen Construction

- Under HSE, discrepancy reporting system processes were digitised, and a system enabling all employees to receive instant notifications through WhatsApp and company communication systems was developed.
- Business intelligence reporting opportunities were implemented to help managers and employees with decision-making.
- HR, HSE, and Quality and Technical Office modules of the software system were improved with robot infrastructure RoboTEK (Robotic Process Automation – RPA), which expedited operational tasks that used to take hours.
- The Construction Management System (CMS) application is integrated with other production software. This has facilitated the tracking of the production and assembly processes of steelworks from planning to quality on a cost, quantity, resource, and progress basis in an end-to-end digital environment.

Toros Agri

"Toros Çiftçi" ("Toros Farmer") Application

Digital farming applications are critical to a data-driven agricultural ecosystem. Digital technologies, which support farmers in making decisions and using their resources effectively, have a direct impact on the productivity and quality of the final product as they enable farmers to determine needs such as fertiliser application, fertigation and irrigation in agricultural areas, to use fertilisers at the right time and in the right way, and to monitor product development. The Toros Çiftçi app, commissioned by Toros Agri in 2016 to help farmers benefit from technological developments, is a free farmer-friendly decision-support app that can be downloaded on computers, smartphones, or tablets. Offering weather forecasts and soil & plant data, the app gives farmers suggestions while helping with timely and accurate production and operation decisions by following weather conditions on each field. Additionally, the drone imaging and analysis technology used by the mobile technical teams (Agronomists) of Toros Agri provides farmers with the most accurate information about the health and nutritional status of their fields and the most appropriate fertiliser application and fertigation recommendations.

By the end of 2022, 14,370 fields belonging to 11,845 farmers were registered in the Toros Farmer Database. Including farmers as well as authorised dealer accounts, there are 13,110 members registered in the system. In addition, in cooperation with Türkiye İş Bankası starting in April 2020, 9,344 fertiliser application and fertigation queries were received through the Imece mobile application with the Toros Agri logo.

3. Employees and Society

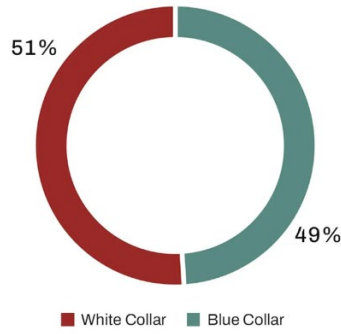
Talented and happy human resources are vital to achieving a competitive advantage through improved product and service quality. Tekfen Holding considers its employees the most valuable resource and their competence the strongest guarantee of its future. Tekfen’s business approach is shaped by a culture that promotes inclusivity, respects human rights, and provides a modern working environment for employees.

Tekfen follows an inclusive, pluralist and diverse human resources strategy, and offers equal opportunities to its employees, regardless of their religion, language, or culture. As a family of 12,000 people with nearly 5,000 company employees and subcontractors, Tekfen prioritises providing its employees with a fair, safe, healthy, and productive work environment that encourages development.

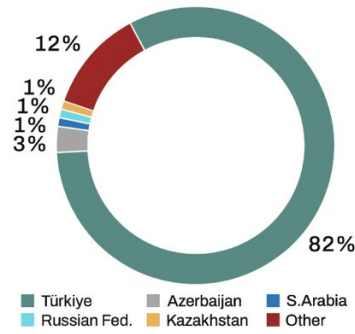
Tekfen Holding respects fundamental human rights in all business processes and does not use child or forced labour. Considering a diverse workforce a strength, the Group offers equal opportunities to all employees and rejects discrimination based on religion, language, age, skin colour, ethnicity, sexual orientation, disability, marital status, and more. Tekfen has a female employment rate of 9 percent and a female executive rate of 17 percent. Fourteen employees are currently benefiting from the nursery service.



Employees by Category



Employees by Nationality



Talent Management

Talent shortages are a common risk for all companies in recent years. Today, the global talent gap is at its highest level in 17 years. Seventy-seven percent of employers are struggling to find the right talent to fill vacancies. (2023 Global Talent Shortage Report - Manpower Group)¹⁷

Tekfen Holding emphasises talent management for better risk management and offers its employees opportunities for:

- Setting individual goals with the performance management system and evaluating the competencies needed to reach these goals,
- Making remote work regular by establishing a hybrid working model focused on organisational agility,
- Creating training programs to support the personal development of employees,
- Implementing inventory applications that measure the competencies of the managers according to their roles to establish the organisation's future manager profile.· Implementing inventory applications that measure the competencies of the managers according to their roles to establish the organisation's future manager profile.

Performance Management

Implemented to direct Tekfen Group Companies toward common goals and reward high performance fairly, the Performance Management System creates goal cards for the employees every year in line with the company strategies. At the end of the year, individual achievements are measured through target-based evaluations, and the performance management process is completed by mutual agreement.

¹⁷ 2023 Global Talent Shortage Report - Manpower Group

The Performance Management System was updated in 2022, following efficient performance management, systematic career management, and fair wage management goals. In this regard, the performance score calculation system has been simplified; the effect of individual achievements for employees that work independently from department goals has been increased; an interim evaluation process has been added; and individual attitude, behaviour, knowledge, and skill measures of employees have been integrated into the final performance scoring. The system has been integrated into promotions and wages for fairer and more systematic management of these processes.

Tekfen Performance Management System consists of the following practices:

- Target cards are prepared for each company based on Holding and Group strategies, and company targets are assigned to individuals. At the end of the year, individual achievements are measured through target-based evaluations, and the performance management process is completed by mutual agreement. In 2022, a total of 1,097 performance target cards were logged for indirect employees at the premises of Tekfen Holding and Group Companies, and 5,361 individual performance targets were defined.
- Company-based target cards prepared in line with Tekfen Holding's strategy are aligned to the level of individual employees. At the end of the year, individual achievements are measured through target-based evaluations, and the performance management process is completed by mutual agreement. In 2022, 73 percent of the white-collar employees in our headquarters and fixed workplaces were provided with performance evaluations.
- The Performance Management System also evaluates the required competencies. The evaluation output made with the 360-degree method are considered in the design of training-development programs and monitored to support employee career planning.

Revamped Talent Model

The Competence Model Renovation and Talent Management Design Project was conducted to define Tekfen's talents and talent-sorting processes, and to redesign the competence model in line with Tekfen's vision and needs. The project consisted of meetings with executives and workshops with managers from all levels. Tekfen Group's changing needs were analysed with the new world's needs and best practices across the globe. Tekfen's current competence set has been revamped to integrate all HR processes, from recruitment and career management to performance evaluation and succession planning.

Organisational Agility and Hybrid Work

The World Economic Forum's 2023 Future of Work Report emphasises that remote working models still offer advantages post-pandemic. The report found that 20.5 percent of the companies surveyed believe that international flexible working is necessary to reach and retain the right talent. ([Here's What We've Learned from 3 Years of Working Remotely - WEF](#))¹⁸

In addition, nearly three in five companies (57 percent) plan to introduce new time and location-independent working models and flexibility as talent shortages increase. ([2023 Global Talent Shortage Report - Manpower Group](#))¹⁹

Tekfen Holding prioritises implementing practices that are in line with the ever-changing trends in business life and the expectations of its employees. Under the leadership of the Human Resources Group Companies Directorate and as a part of organisational agility practices, the hybrid remote working system has been made permanent across Group Companies as of 2021. Accordingly, the remote work model rules were established, and the Remote Work Management System was commissioned to monitor remote work requests and manage the approval mechanism.

Development Programs

Tekfen's development programs, which provide employees with new skills and help them improve their existing skills, also contribute to increased employee satisfaction and commitment. Tekfen aims to develop its existing talents through programs focused on next-generation competencies and to prepare its managers to adapt to changing needs and become corporate leaders. To meet these targets, a total of TRY 1.8 million was spent on employee training as part of development programs in 2022.

To that end:

- The Leadership Program, hosted in cooperation with Koç University and spanning 5.5 days/132 hours of leadership improvement training, consisted of "Multidimensional Leadership Experience," "Strategic Development and Application," "Decision Making under Uncertainty," "Positive Management Practices," and "Managerial Stance." The virtual sessions totalled 1,716 hours of training, and the average end-of-the-program satisfaction rate was 4.6/5.
- The employees received 3,247 hours of training under e-training efforts.

¹⁸ [Here's What We've Learned from 3 Years of Working Remotely - WEF](#)

¹⁹ [2023 Global Talent Shortage Report - Manpower Group](#)

- Three hundred sixty-four employees attended the Hydrogen Technologies training (Hydrogen as Energy Transition Agent, Hydrogen Use and Its Industrial Effects, and Hydrogen Production, Storage and Transfer) held virtually in 2022.
- Tekfen Group implemented the Internal Trainer Development Program in 2021 to pass on its years of knowledge, skills, and expertise to the next generations. Refresher courses to improve the digital training capabilities of internal trainers were conducted in the second half of 2022. Twenty-one employees attended the training.
- Additionally, the employees participated in technical professional conferences, certifications, and uncatalogued (internal or open for general participation) training.

Tekfen Workshop

Tekfen Workshop was established in 2018 to meet the development needs of all employees working under Tekfen Holding. The Workshop continued its activities in 2022 to support employee development and increase employee knowledge in different areas with in-class and virtual training, e-learning content, seminars, and online conferences.

Tekfen Workshop Mobile App

Open to general participation, the catalogue training was accompanied by the Tekfen Workshop Mobile Application to let employees request training quickly and easily. In this context, based on employee demand, six in-class, and 58 virtual training sessions were hosted in technical, management-development, HSE&Q, and T-House categories. There were 626 training attendees, and 8,110 hours of training sessions were conducted. The participant satisfaction rate at the end of the training averaged 4.6/5.

Employee Communication

Employee experience is not only the general feeling employees have about their work environment and company interactions, but also includes company culture, leadership, job satisfaction, and opportunities for growth and development. A positive employee experience can lead to increased productivity, top talent retention, a better company

culture and the ultimate benefits to the bottom line. ([HR's Secret Sauce In 2023: Creating An Amazing Employee Experience - Forbes](#))²⁰

Tekfen Holding and Group Companies adopt open communication to increase employee job satisfaction and offer channels such as the Tekfen Human Resources (TIK) Mobile App and the Ethics Hotline to establish continuous communication and understand their expectations. Various practices maintain employee communication.

Occupational Health and Safety (OHS)

Operating in high-risk industries such as construction and chemistry, Tekfen Group regards occupational health and safety (OHS) as a material issue. Adopting a “zero incident” target in all operations, Tekfen aims to instil OHS as an active company culture and fervently supports efforts in this regard to create a safe and healthy work environment and improve working conditions by continuous development.

Efforts continued throughout the year to ensure OHS Management System compliance and to popularise OHS culture across all Group Companies. In this context, the Group has developed a behaviour-oriented safety culture through regular site controls and audits as well as internal and second-party audits. Furthermore, on-the-job training continued on the detection of job-specific risks and necessary precautions.

By 2022, the number of Tekfen Group facilities with ISO 45001 certification had reached 18 and covered 5,780 employees.

OHS management

HSE teams manage OHS and Environmental Management Systems across the Group Companies. The HSE & Quality departments under Tekfen Holding constantly monitor the OHS performances of the Group Companies. As of the end of 2022, 343 HSE and 83 healthcare professionals work under Tekfen.

Risk studies

OHS risk assessments of potential projects are made before the start of the projects, and these risk assessments are regularly reviewed for existing projects and facilities. In cases where process safety is required, HAZOP (Hazard and Operability) studies are carried out to identify hazards.

²⁰ [HR's Secret Sauce In 2023: Creating An Amazing Employee Experience - Forbes](#)

Inspections

Daily site controls and weekly site, internal, and third-party audits are carried out to ensure compliance with the management systems, regulations, and procedures. Tekfen Holding, along with the Uniform Method of HSE internal directive, determines the HSE strategy and minimum requirements for the Group Companies.

Employee involvement

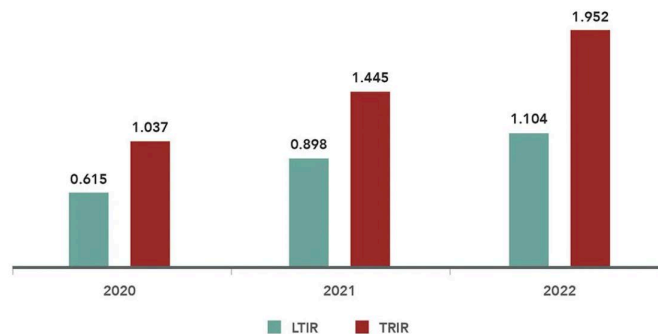
Tekfen Holding appoints employee representatives in communication with employer representatives for national and international projects and ensures that employees' views on OHS are included in the decision-making processes through regular meetings.

Performance Indicators (Rates)	2020	2021	2022
LTIR ¹ (LTIR = Number of Injuries Resulting in Lost Workdays x 1,000,000 / Total Worked Person-Hours)	0.615	0.898	1.104
TRIR ² (TRIR = Total Number of Recordable Injuries x 1,000,000 / Total Worked Person-Hours)	1.037	1.445	1.952

¹ **LTIR (Lost Time Incident Rate):** The rate of accidents with injuries in 1 million work hours, resulting in lost workdays.

² **TRIR (Total Recordable Incident Rate):** The rate of accidents with injuries in 1 million work hours, requiring medical treatment beyond first aid.

Occupational Health & Safety Performance Indicators



**Industrial Benchmarking
Total Recordable Injury Rate (TRIR)
(1 million people)**



STAKEHOLDER TESTIMONIALS

Mustafa Aslan

HSE Director, Tekfen Construction

Which factors make Tekfen Construction stand out with its successful performance in OHS?

Due to the requirements of being an international contracting company, Tekfen Construction recognised the importance of OHS a long time ago and established systems to ensure maximum compliance with OHS regulations in both its domestic and overseas projects when this culture was still almost non-existent in Türkiye. At this time, OHS units were established in Tekfen Construction Projects, resources were allocated for this issue and important work was carried out.

Could you share some information about OHS management and performance at Tekfen Construction?

Every year, we evaluate the previous year's data when setting our OHS targets and set goals to achieve better values. At the end of each year, we organise a meeting with General Manager and other senior executives to review OHS targets' realisation status, reasons, and, if necessary, additional resource needs. We monitor the OHS performance of projects/workplaces every month using 66 different KPIs and we make evaluations at the Corporate OHS unit. We discuss the important KPIs of the Project/Workplaces at the Board level. In the case of deviations from the target, we can take decisions at the highest level for improvement.

In our year-end evaluation, we make comparisons with IPLOCA and IOGP statistics, which collect and share with us data from companies doing similar work, especially in our industry. In the comparisons we have conducted so far, we can see that we have better results than both IOGP and IPLOCA statistics.

What are Tekfen Construction's areas of development and future plans in OHS?

High risks in the oil and gas sector, and enormous potential consequences of accidents, make OHS much more important in this industry. By developing a significant part of its business portfolio in this area, Tekfen Construction not only utilises its knowledge/experience but also advances its OHS-related practices one step further as required by the industry. At Tekfen Construction, we have also digitised many OHS-related issues as part of our digitalisation program. We now create our performance and audit/observation reports digitally, distribute them to the relevant people, and automatically carry out action planning and follow-up. In the future, we aim to digitise more issues to make communication/follow-up/conclusion processes fast and complete.

OHS Training

To make OHS a part of its work culture and to reach zero accidents, Tekfen Holding prioritises increasing the OHS knowledge of all employees in all Group Companies and organises OHS training sessions. In this regard, all employees working under Tekfen Holding are provided with equal opportunities. The same rules apply and the same OHS opportunities are presented for all Tekfen employees and subcontractors. Additionally, the performance indicators for all employees are monitored together.

Health, Safety, and Environment (HSE) Training	2020	2021	2022
HSE Training (Person*Hour)	301,056	514,930	418,887
HSE Training Rate (HSE Training Person-Hours/Total Person-Hours) x 100	0.53%	1.01%	1.19%

Tekfen Construction

The “HSE Personnel Development Program,” established to bring together the health, safety, and environment (HSE) professionals tasked with projects and business facilities, continued in 2022. Additionally, the “Unsafe Situation/Behaviour Reporting” module was prepared and launched in collaboration with the Tekfen Construction Information Technology department to help employees easily report unsafe situations and behaviours they’ve encountered to the HSE department and to monitor ameliorating actions. HSE educational presentations were published monthly on various subjects such as energy savings and efficiency, disaster preparation, traffic safety, and smoking cessation on the TekNokta Portal, which is open to all Tekfen Construction employees.

Tekfen Construction’s occupational safety achievements in 2022

Connection Roads Project (Qatar) – 5 million working hours without lost time

Central Bank Project (Azerbaijan) – 1 million working hours without lost time

Dehydrator, Desalter and Transfer Units Project (Iraq) – 2 million working hours without lost time

ACE Platform Project (Azerbaijan) – 10 million hours without lost time

Toros Agri

Providing healthy and safe working conditions for its employees is one of the core objectives of Toros Agri, which is classified as a very high-risk category due to its production activities as well as the storage and handling of materials. In 2022, Toros Agri continued its on-site checks, routine and on-the-job training, regular field audits, internal audits, and second-party audits to ensure compliance with all management systems, regulations and procedures and to promote an OHS culture among employees.

The International Fertiliser Association awarded Toros Agri the “Protect & Sustain” certificate in 2018, the first and only Turkish firm to earn the certificate, which rates compliance with the highest security, quality, and environmental standards in the fertilizer industry and evaluates the efficiency of monitoring, measuring, and continuous improvement efforts on the company’s environmental, social, and economic footprints on the entire value chain to ensure responsible production, distribution, and consumption. Inspections were completed in December 2021 and January 2022, and the company passed with no discrepancies to earn recertification with an “Excellence” score (96/100).

Social Investments

Tekfen’s social, cultural, and environmental protection activities have been an integral part of its corporate culture since day one. Using some of its added value in social projects, Tekfen launches various corporate responsibility projects in education, arts and culture, health, and development. Tekfen Holding’s “Bridging Prosperity” vision also forms the fundamental basis of its social investment programs. Social projects are designed to benefit both Tekfen and society by both contributing towards the solution of social and environmental problems, and aligning with the concept of shared value.

Alongside the Tekfen Foundation, Tekfen Group Companies also allocate resources to various social responsibility projects congruent with their goals and strategies. In 2022, the Tekfen Group Companies provided TRY 1.93 million in aid and donations.

Tekfen Foundation

In 1999, Tekfen established the Tekfen Foundation for Education, Health, Culture, Art, and Protection of Natural Resources to contribute to society under a corporate framework and to help build a liveable future. Drawing inspiration from its founding partners, Tekfen

Foundation allocates significant resources to education, the country's biggest need for a better today and a sustainable tomorrow, and arts and culture, some of the primary indicators of a society's development. Tekfen Foundation, having realised countless projects to date, has been operating as a public interest group since 2004.

Education

The Tekfen Foundation provides scholarships to high school and university (undergraduate) students who need financial support and the children of Tekfen employees. Supporting more than 3,000 students throughout their education to date, the Foundation provided scholarships to 550 students in the 2021–2022 academic year and increased scholarship recipients to 600 for the following year.

Tekfen Foundation's 24 full scholarship recipients at Darüşşafaka School graduated from middle school this year. The support for Daçka continued with a 2-million Turkish lira donation made to the scholarship fund during the year. The Foundation also provided 15 million Turkish liras to Galatasaray High School to support its various needs and renovated the school's centuries-old "Backyard" in accordance with sustainability principles in the name of Tekfen Holding Co-Founder Ali Nihat Gökyiğit.

With its Music Scholarship, the foundation provides young talents with the opportunity to study at the most prestigious academies around the world. In 2022, scholarships were awarded to five students in this program. The Science Academy Foundation's Young Scientist Awards, Boğaziçi University's BAGEP Fund, and Education Reform Initiative (ERG) were continued to be supported.

Arts and Culture

Founded 30 years ago in 1992 as a chamber orchestra with the participation of artists from 11 countries around the Black Sea and going on to bring together musicians from 23 countries with the inclusion of countries from the Caspian Sea and Eastern Mediterranean to create a symphonic dimension, Tekfen Philharmonic has earned a prominent spot in Türkiye's arts and culture scene.

Health

Working closely with state hospitals during the pandemic, the Tekfen Foundation continued to collaborate with the Cerrahpaşa and Çapa Medical Schools also in 2022. The foundation donated a portable Doppler echocardiogram to Istanbul Çapa Medical School Teaching Hospital's Cardiologic Oncology department and hardware that simulates medical equipment such as basic life support, vital sign detectors, and defibrillators in augmented reality to Cerrahpaşa Medical School's Emergency Applications Simulation Centre.

Social Development

The Tekfen Foundation supported family economies by providing micro-loans to 2,132 women, 1,081 of them in Soma and 1,051 of them in Mersin, as part of its cooperation with the Turkish Waste Prevention Foundation (TİSVA), which began in 2014. In addition, the “Women Farmer Loan” project, launched by the Foundation in 2021 in partnership with TİSVA and Toros Agri, aims to strengthen the presence of women in agriculture. By the end of 2022, 239 women farmers had benefited from this loan.

Women Farmers Loan

Toros Agri considers the active participation of women in the workforce essential for a sustainable society, sustainable local development, and a sustainable family economy. Correspondingly, it is a priority target for Toros Agri to boost the number of educated and conscientious women farmers and to empower women in social and economic life. To this end, Toros Agri operated as the field application partner in the Tekfen Foundation’s “Women Farmers Loan” project and the Turkish Waste Prevention Foundation to encourage women entrepreneurs aspiring to work in agriculture yet lacking financial resources to launch a business and to provide them with an opportunity with micro-loans.

The project was launched on a pilot scale in Manisa, Aydın, Nazilli, Izmir, Denizli, and Soma in the Aegean Region, reaching 80 women. Later extended to Antalya in 2022, the project’s reach increased to 159 women and a total of 1.95 million Turkish lira in loans to help them launch their own agricultural businesses. Toros Agri was the primary provider of applied training and on-site consultancy for permanent change.

So far, correct agriculture and crop cultivation practices have been implemented in 33 different crops with the consultancy provided by expert agricultural engineers from Toros Agri’s Agricultural Techniques and Digital Marketing team. This resulted in higher-quality products and increased yields, bringing idle land back into agriculture and enabling stakeholders to receive support to expand their businesses by an average of 40 percent in different capacities. Social impact analysis, carried out on the project’s first anniversary, showed that every lira invested in the project creates 6.60 Turkish liras worth of social benefit (SROI – social return on investment).

As a social innovation project, the program was the only finalist and winner of the “B2NGO Cooperation” category in the Sustainable Business Awards in 2022. The project was also presented as a case study in the “Empowering Women for Climate Resilience” panel of the UN Climate Change Conference in November 2022 in Egypt.

Tekfen Holding

Arts and Culture

Supporting a local play at the İstanbul Theater Festival as a “Show Sponsor with High Contribution” each year, Tekfen Holding continued its support with the opening play of this year’s event. The holding was also among the “Special Project Sponsors” at the 2022 İstanbul Biennial.

Tekfen Construction

Arts and Culture

Tekfen Construction supported archeological works in Küllüoba, a site near Eskişehir housing one of the earliest settlements in Anatolia, by granting two containers. The two containers donated to the excavation, conducted by Bilecik Şeyh Edebali University, will be used for archaeozoology and anthropology studies..

Toros Agri

Education

In 2022, the company met the maintenance, repair, and general needs of the Toros Agri Anatolian High School and Toros Agri Primary School, which were opened in the region of Toros Agri’s Ceyhan Production Plant.

Local Development

The fertiliser industry is critical to ensuring sustainable food safety, an issue that has become even more prominent with the pandemic. Aware of its responsibility to this end, Toros Agri considers increasing the population of educated and conscientious farmers necessary to ensure fertiliser use efficiency and effective agriculture. Since its inception, Toros Agri has aimed to develop Turkish agriculture, raise farmer awareness of good agricultural practices, and increase farmer productivity and welfare by providing assistance in various issues, including correct and balanced fertiliser applications and soil, leaf, and water analyses. To this end, in 2018, Toros Agri started Toros Farmers Academy (Training Bus) and Agricultural Technique and Digital Marketing projects.

Put on the road as part of the project, the mobile Toros Agri Training Bus visited 114 locations in 2022, providing training and practical support to farmers and distributors on correct and balanced plant nutrition and sustainable farming methods.

The Agricultural Technique and Digital Marketing team provides on-site support to farmers across Anatolia with their technical vehicles. In 2022, the team conducted 6,970 vendor and 9,000 farmer meetings, 227 agricultural institution visits, 15 farmer conventions, two drone activities, and 105 educational activities in coordination with the Toros Agri Training Bus.

Launched in 2016, the Toros Farmer app is among the many pioneering efforts of Toros Agri designed to help farmers benefit from technological developments. You can learn more about the Toros ifti app in the [Innovation](#) section.

More information about social investments is available in the [2022 Annual Report](#).

APPENDIX

1. Communication Methods with Stakeholders

Stakeholder Group	Communication Method	Communication Frequency
Employees	Company intranet portal	Perpetually
	Corporate websites	Perpetually
	OHS Board meetings	At least once a month
	Internal customer surveys	Annually
	Sustainability reports	Annually
	Activity reports	Quarterly
	T-Bulletin	Quarterly
	Stakeholder analysis	At most every four years
Public Institutions	Meetings and conferences	As needed
	Corporate websites	Perpetually
	Activity reports	Quarterly
	Sustainability reports	Annually
	T-Bulletin	Quarterly
	Stakeholder analysis	At most every four years
Business and Solution Partners	One-on-one interviews	Perpetually
	Corporate websites	Perpetually
	Activity reports	Quarterly
	Sustainability reports	Annually
	T-Bulletin	Quarterly
	Stakeholder analysis	At most every four years
Suppliers	One-on-one interviews	Perpetually
	Corporate websites	Perpetually
	Audits and trainings	Daily
	Activity reports	Quarterly
	Sustainability reports	Annually
	T-Bulletin	Quarterly
	Stakeholder analysis	At most every four years
	Associations, Universities, Media, and NGOs	Collaborations
Corporate websites		Perpetually
Participation in meetings and working groups		At least once in a month
Seminars and conferences		At least once a month
Activity reports		Quarterly
Sustainability reports		Annually
T-Bulletin		Quarterly
Stakeholder analysis		At most every four years
Shareholders, Investors, and Analysts		General Assembly meetings
	Special case announcements	As needed
	One-on-one meetings and correspondences	Perpetually
	Teleconferences	Quarterly
	Quarterly investor presentation	Quarterly
	Conferences and roadshows	At least 10 times a year
	Activity reports	Quarterly
	Sustainability reports	Annually
	T-Bulletin	Quarterly
	Stakeholder analysis	At most every four years
Customers	One-on-one interviews	Perpetually
	Corporate websites	Perpetually
	Activity reports	Quarterly
	Sustainability reports	Annually
	T-Bulletin	Quarterly
	Stakeholder analysis	At most every four years

2. Performance Indicators

Environmental Performance Indicators

GHG emissions (tCO ₂ e)	2020	2021	2022
Scope 1	1,054,641	1,112,048	800,229
Scope 2 (based on location)	32,976	33,133	25,483
Scope 2 (based on market)	32,976	31,973	24,821
Scope 3	5,179,127	4,656,128	4,057,451
Scope 1 + Scope 2	1,087,617	1,145,181	825,713

Emission intensity (tCO ₂)	2020	2021	2022
Emission intensity (tCO ₂ /million USD turnover)	680.63	624.49	445.26
Emission intensity (tCO ₂ /number of employees)	58.97	69.15	69.04

Energy Generation (MWh)	2020	2021	2022
Heat generation	678,390	554,013	378,510
Renewable energy generation (Waste heat)	250,106	257,814	250,509
Renewable energy generation (Solar energy)	69	167	167
Renewable energy generation (Biomass energy)	16,348	37,814	41,046
Power generation from diesel	212,021	209,536	119,533
Total power generation	478,544	505,331	370,042
Power sold	99,756	113,019	109,345

Energy Consumption (MWh)	2020	2021	2022
Natural gas	41,478	51,042	40,889
Coal	18,767	16,398	13,774
Fuel oil	279	317	305
LPG	939	902	1,105
Diesel - Fixed facilities	212,021	209,536	119,533
Diesel - Mobile vehicle/equipment	529,871	409,746	283,490
Gasoline - Mobile vehicle	54,090	44,836	34,849
LNG	31,659	30,771	12,211
CNG	1,305	-	-
Total fuel consumption	890,410	763,549	506,156
Total purchased power	70,403	77,129	61,174
Renewable energy consumption (waste heat, biomass and solar)	166,767	182,776	141,164
Total energy consumption	1,127,580	1,023,454	749,540

Amount of waste (metric tons)	2020	2021	2022
Total amount of hazardous waste	510	1,422	186
Total amount of non-hazardous waste	41,470	32,069	28,492

Breakdown of waste by disposal method (metric tons)	2020	2021	2022
Recycling/recovery	3,856	8,267	5,381
Incineration	510	149	186
Landfill	37,613	20,488	23,111
Other	-	4,213	-

Water data (megalitres)	2020	2021	2022
Total water withdrawn	119,217	104,542	119,670
Total water consumed	12,213	9,438	6,603
Total water discharged	107,004	95,104	113,068
Water reused	3,762	1,874	1,207

Amount of water withdrawn by source (megalitres)	2020	2021	2022
Surface waters (fresh water)	5,681	3,876.14	4,747
Surface waters (salt water)	102,476	87,273	106,683
Groundwater	9,946	10,105	7,697
Production-sourced water	68	-	-
Third-party-sourced water	1,046	1,350	535
Total	119,217	104,542	119,662

Total amount of water withdrawn by water quality (megalitres)	2020	2021	2022
Fresh water	16,741	17,269	12,979
Other waters	102,476	87,273	106,683
Total	119,217	104,542	119,662

Water by discharge points (megalitres)	2020	2021	2022
Surface waters (fresh water)	90	87	88
Surface waters (salt water)	104,887	91,253	107,842
Groundwater	1,615	1,945	587
Third party	412	1,818	4,551
Total	107,004	95,104	113,068

Total amount of water discharged by the water quality of the receiving environment (megalitres)	2020	2021	2022
Fresh water	2,117	3,850	5,226
Other waters	104,887	91,253	107,842
Total	107,004	95,104	113,068

Water data from areas with high/very high water stress (megalitres)	2020	2021	2022
Total water withdrawn	12,222	13,108	8,621
Total water consumed	8,154	7,754	7,245
Total water discharged	4,068	5,353	2,949
Water reused	649	753	786

Distribution of total water withdrawn from areas with high/very high water stress (megalitres)	2020	2021	2022
Fresh water	12,222	13,108	8,621
Other waters	-	-	-

Methodology for Calculating GHG Emissions

“The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard” is used as the methodology for calculating GHG emissions. Scope 3 emissions in 2018 included emissions from business travel, employees’ commute to work, waste, leased assets and fuel sold. In 2019 and 2020, the scope was expanded to include emissions from the production of construction materials purchased in the Contracting Group, transportation of Toros Agri and Tekfen Agri products, transportation of raw materials to Toros Agri, production of the ammonia used in fertiliser production, electricity consumption of Toros Agri dealers, production of the fuels used, use of the fertilisers sold by Toros Agri and losses in purchased electricity. In 2021, emissions from the production of imported fertilisers and urea and ammonium sulphate were also included in the scope.

Emission Factors

The emission factors used can be found in the table below. The Global Warming Potential (GWP) coefficients were taken from the 4th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). Emission factors were taken from the IPCC, DEFRA Greenhouse Gas Reporting: Conversion Factors 2020 Report and International Energy Agency (IEA).

SCOPE 1

Fuel / Emission Source	Unit	TJ	CO ₂			CH ₄				N ₂ O				Total EF (kg CO ₂ e/ TJ)	Total EF tCO ₂ e/Unit
			CO ₂ EF	EF Unit	tCO ₂ /Unit	CH ₄ EF	EF Unit	tCH ₄ /Unit	tCO ₂ eq/Unit	N ₂ O EF	EF Unit	tN ₂ O/Unit	tCO ₂ eq/Unit		
Natural gas	m ³	0.0000345329	56,100.00	kgCO ₂ /TJ	0.00193729289	1.00	kgCH ₄ /TJ	0.00000003453	0.00000086332	0.10	kgN ₂ O/TJ	0.0000000035	0.0000010291	56154.80	0.00193919
Coal-Lignite	tonnes														0.00020386
Diesel (Fixed Combustion)	lt	0.0125574000		kgCO ₂ /TJ	1.26829740000	1.00	kgCH ₄ /TJ	0.00001255740	0.00031393500	1.50	kgN ₂ O/TJ	0.0000188361	0.0056131578	101472.00	1.27422449
LPG (Fixed Combustion)	kg	0.0000354370	74,100.00	kgCO ₂ /TJ	0.00262588043	3.00	kgCH ₄ /TJ	0.00000010631	0.00000265777	0.60	kgN ₂ O/TJ	0.0000000213	0.0000063361	74353.80	0.00263487
Diesel (Mobile Combustion)	lt	0.0000456252	63,100.00	kgCO ₂ /TJ	0.0028789514	1.00	kgCH ₄ /TJ	0.00000004563	0.00000114063	0.10	kgN ₂ O/TJ	0.0000000046	0.0000013596	63154.80	0.00288145
Gasoline (Mobile Combustion)	lt	0.0000354370	74,100.00	kgCO ₂ /TJ	0.00262588043	3.90	kgCH ₄ /TJ	0.00000013820	0.00000345511	3.90	kgN ₂ O/TJ	0.0000001382	0.0000411849	75359.70	0.00267052
Diesel (Off-Road, Mobile)	lt	0.0000319963	69,300.00	kgCO ₂ /TJ	0.0022173405	3.80	kgCH ₄ /TJ	0.00000012159	0.00000303964	5.70	kgN ₂ O/TJ	0.0000001824	0.0000543488	71093.60	0.00227473
LPG (Mobile)	lt	0.0000354370	74,100.00		0.0026258804	4.15	kgCH ₄ /TJ	0.00000014706	0.00000367659	28.60	kgN ₂ O/TJ	0.0000010135	0.0003020223	82726.55	0.00293158
Fuel Oil	lt				0.0015549100				0.00000121000				0.0000009700		0.00155709
LNG	tonnes				0.0031626200				0.00000473000				0.0000078800		0.00317522
CNG	tonnes				2.5543900000				0.00344000000				0.0013400000		2.5552800000

Scope 2 emissions were taken from the International Energy Agency’s (IEA) Emission Factors 2022 database. Emission factors are not published in this report as this database is not publicly available.

SCOPE 3	Unit	EF
Domestic waste	tCO ₂ e/metric tons	0.446204
Hazardous waste	tCO ₂ e/metric tons	0.02128
Recyclable waste	tCO ₂ e/metric tons	0.021294
Personnel shuttle	tCO ₂ e/km	0.00023156
Executive vehicles	tCO ₂ e/km	0.000170824
Aircraft-short distance	tCO ₂ e/km	0.00024587
Aircraft-middle distance	tCO ₂ e/km	0.00015353
Aircraft-long distance	tCO ₂ e/km	0.00018362

Social Performance Indicators

Number of Employees by Gender and Labour Category	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of white-collar employees	550	2,597	552	2,437	417	2,041
Number of blue-collar employees	20	3,081	18	2,946	14	2,394
Total number of employees (by gender)	570	5,678	570	5,383	431	4,435
Total number of employees	6,248		5,953		4,866	
Number of employees covered by collective labour agreement	797		682		881	

Number of Employees by Gender and Age	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Under 30	100	934	94	713	67	668
Ages 30-50	404	3,840	408	3,689	314	3,118
Over 50	66	904	68	981	50	649

Number of Employees by Term of Employment	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Worked for 0-5 years	351	3,261	292	2,751	230	2,755
Worked for 5-10 years	92	991	141	1,197	96	846
Worked for 10 years and more	127	1,426	137	1,435	105	834

Number of Employees with a Senior Management Title by Gender and Age	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Over 50	15	116	19	116	13	81
Ages 30-50	47	236	49	269	44	233
Under 30	1	3	1	1	0	2

Number of Employees by Gender Who Took and Returned from Parental Leave	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of employees who took parental leave	15	52	2	50	11	26
Number of employees who returned from parental leave	8	52	2	50	5	23

Number of Disabled Employees by Gender	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of disabled employees	9	65	6	61	7	75

Number of New Employees by Gender and Age	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of employees hired during the year	104	2,020	43	176	36	138
Total number of employees hired during the year	2,124		219		174	

Number of Employees by Gender Who Quit Job	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
Number of employees who quit during the year	106	2,106	171	3,324	274	3,544
Total number of employees who quit during the year	2,212		3,495		3,818	
Employee turnover rate	35%		59%		78%	
Voluntary turnover rate	-		30%		14%	
Number of employees subject to performance evaluation	1,207		1,742		1,797	

Other Indicators	2021		2022	
	Female	Male	Female	Male
First and medium level manager	272	371	47	273
Top-level manager	16	45	10	30
C-level manager	1	19	0	13
Non-managerial employees	451	4,843	374	4,119
Income-generating managerial employees	6	62	4	81
Employees in STEM positions	123	1,063	96	1,076
Internal hire rate	22%		23%	

Employees by Nationality	2021		2022	
	Share in total employment	Share in managerial positions	Share in total employment	Share in managerial positions
Turkey	71.61%	93.90%	82.45%	90.35%
Russia	15.03%	0.90%	0.66%	0.54%
Kazakhstan	2.55%	2.70%	0.84%	3.75%
Azerbaijan	2.44%	0.10%	3.06%	0.27%
Saudi Arabia	2.15%	0.10%	1.21%	0.54%
Other	6.22%	2.30%	11.78%	4.56%

Managers by Nationality	2022	
	Female	Male
Turkey	57	280
Russia	-	2
Kazakhstan	-	14
Azerbaijan	-	1
Saudi Arabia	-	2
Other	-	17
Total	57	316

Occupational Health and Safety Indicators¹

Occupational Health and Safety Indicators	2020	2021	2022
Total Hours Worked (Person-Hours)	56,893,148	51,222,004	35,339,314
Fatal Accidents (F)	1	1	0
Lost Work Day Cases (LWDC)	34	45	39
Restricted Work Cases (RWC)	8	6	7
Medical Treatment Cases (MTC)	16	22	19
Occupational Illness (OCC)	0	0	0
Lost-Time Injuries (LTI = F+LWDC)	35	46	39
Total Recordable Injuries (TRI = F+LWDC+RWC+MTC)	59	74	65
LTI Rate (LTIR= Lost Time Injury Rate x 1,000,000/Total Person-Hours)	0.615	0.898	1.104
TRI Rate (TRIR = Total Recordable Injuries x 1,000,000/Total Person-Hours)	1.037	1.445	1.952
HSE Training Rate (HSE Training /Total Worked Hours) x 100	0.53%	1.01%	1.19%
HSE Training (Person-Hours)	301,056	514,930	418,887

¹ These cover the projects and workplaces in Türkiye and abroad engaging in high-risk activities in terms of occupational safety, including subcontractors. All trainings are provided simultaneously to employees and subcontractors under the titles of Health, Safety and Environment (HSE).

Economic Indicators¹

Economic Data (thousand TRY)	2020	2021	2022
Total Revenue ²	11,827,382	16,569,232	31,032,026
Operating Expenses ³	11,991,735	16,747,638	29,528,344
Community Investments ⁴	28,308	16,386	1,931
Economic Value Retained ⁵	-192,661	-194,792	1,501,751
Investment Expenditures ⁶	567,726	556,115	905,488

¹ These cover Tekfen Holding and all group companies.

² They include sales income, dividends, interest income, fixed asset sales profits, and rental income.

³ They include cost of sales, marketing, sales distribution, general administration, research and development, interest, and tax expenses.

⁴ They include aids, donations and sponsorships.

⁵ Retained Economic Value = Revenues - (Expenses + Social Investments)

⁶ With reference to Investment Expenditures: Independent Audit Report - 4c.

3. Awards and Achievements

Awards and Achievements in 2022

- The “Women Farmers Loan” project was awarded in the “Cooperation: B2NGO Cooperation” category of the Sustainable Business Awards 2022.
- Toros Agri received an award for its “Development of Domestic and National Wheat Varieties Through the Use of Ancestral Seeds” project at the “Future in Our Hands Awards” organized by the Turkish Federation of Automotive Maintenance Associations (TOBFED).
- Toros Meram Renewable Energy was acknowledged as “Highly Commended” in the “Anaerobic Digestion Pacesetter: Above 1Mwe” category by the UK-based Anaerobic Digestion and Bioresources Association (ADBA).
- Tekfen Holding became one of the Climate Leaders of Türkiye by achieving a “B” rating in the CDP Climate Change Program.
- Tekfen Holding was one of only six companies in Türkiye to receive an “A” rating in the Water Safety Program, and one of 107 companies in the world.

Tekfen Construction's OHS Achievements in 2022

- Connection Roads Project (Qatar) - 5 million working hours without lost time
- Central Bank Project (Azerbaijan) - 1 million working hours without lost time
- Dehydrator, Desalter and Transfer Units Project (Iraq) - 2 million working hours without lost time
- ACE Platform Project (Azerbaijan) - 10 million hours without lost time

GRI CONTENT INDEX

GRI Content Index	
Usage notice	Tekfen Holding reported the information covering the period January- December 2022 in accordance with GRI Standards.
GRI 1 was used	GRI 1: Foundation 2021

GRI Standard	Notices	Page Numbers, Source and/or Direct Answers Page Numbers, Additional Information and explanations
Genel Disclosures		
GRI 2: Genel Disclosures 2021	2-1 Organizational Details	1 Bridging Prosperity - 03 About Tekfen Holding https://www.tekfen.com.tr/contact
	2-2 Entities included in the organization's sustainability reporting	About the Report
	2-3 Reporting period, frequency and contact point	About the Report
	2-4 Restatements of in information	Not available
	2-5 External assurance	No external assurance services were received
	2-6 Activities, value chain and other business relationships	1 Bridging Prosperity - 03 About Tekfen Holding
	2-7 Employees	3 Strategic Drivers - 03 Employees and Community
	2-8 Workers who are not employees	3 Strategic Drivers - 03 Employees and Community
	2-9 Governance structure and composition	Tekfen Holding 2022 Annual Report pages 180 - 192
	2-10 Nomination and selection of the highest governance body	Tekfen Holding 2022 Annual Report pages 180 - 192
	2-11 Chair of the highest governance body	Tekfen Holding 2022 Annual Report pages 180 - 192
	2-12 Role of the highest governance body in overseeing the management of impacts	1 Bridging Prosperity - 06 Sustainability Vision - Sustainability Management 2 Operational Roots - 02 Corporate Governance - Risk Management
	2-13 Delegation of responsibility for managing impacts	1 Bridging Prosperity - 06 Sustainability Vision - Sustainability Management
	2-14 Role of the highest governance body in sustainability reporting	1 Bridging Prosperity - 06 Sustainability Vision - Sustainability Management

2-15 Conflicts of interest	Tekfen Holding 2022 Annual Report pages 189, 197
2-16 Communication of critical concerns	1 Bridging Prosperity - 06 Sustainability Vision - Sustainability Management 2 Operational Roots - 02 Corporate Governance - Code of Conduct and Compliance
2-17 Collective knowledge of the highest governance body	Tekfen Holding 2022 Annual Report pages 180 - 192
2-18 Evaluation of the performance of the highest governance body	Tekfen Holding 2022 Annual Report pages 180 - 192
2-19 Remuneration policies	Tekfen Holding web site
2-20 Process to determine remuneration	Tekfen Holding web site
2-21 Annual total compensation ratio	This information is treated as confidential and cannot be shared.
2-22 Statement on sustainable development strategy	1 Bridging Prosperity - 06 Sustainability Vision
2-23 Policy commitments	2 Operational Roots - 02 Corporate Governance
2-24 Embedding policy commitments	2 Operational Roots - 02 Corporate Governance
2-25 Processes to remediate negative impacts	2 Operational Roots - 02 Corporate Governance
2-26 Mechanisms for seeking advice and raising concerns	2 Operational Roots - 02 Corporate Governance - Code of Conduct and Compliance
2-27 Compliance with laws and regulations	2 Operational Roots - 02 Corporate Governance
2-28 Membership associations	2 Operational Roots - 02 Corporate Governance - Corporate Memberships and Supported Initiatives

	2-29 Approach to stakeholder engagement	1 Bridging Prosperity - 06 Sustainability Vision - Material Issues Appendix - 01 Stakeholder Communication Methods
	2-30 Collective bargaining agreements	Appendix - 02 Performance Indicators - Social Performance Indicators
Material Issues		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	1 Bridging Prosperity - 06 Sustainability Vision - Material Issues
	3-2 List of material topics	1 Bridging Prosperity - 06 Sustainability Vision - Material Issues
	3-3 Management of material topics	1 Bridging Prosperity - 06 Sustainability Vision - Material Issues
Economic Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	2 Operational Roots - 01 Economic Performance
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	2 Operational Roots - 01 Economic Performance Appendix - 02 Performance Indicators - Economic Indicators
Anti-Corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	2 Operational Roots - 02 Corporate Governance - Code of Conduct and Compliance
GRI 205: Anti-Corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	2 Operational Roots - 02 Corporate Governance - Code of Conduct and Compliance
	205-3 Confirmed incidents of corruption and actions taken	2 Operational Roots - 02 Corporate Governance - Code of Conduct and Compliance
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	3 Strategic Drivers - 01 Climate Crisis - Net-Zero Economy, Management Structure
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Appendix - 02 Performance Indicators - Environmental Performance Indicators
	302-4 Reduction of energy consumption	3 Strategic Drivers - 01 Climate Crisis - Climate Targets and Indicators
Water and Effluents		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	3 Strategic Drivers - 01 Climate Crisis - Natural Resource Use and Waste Management - Water Management
	303-2 Management of water discharge-related impacts	3 Strategic Drivers - 01 Climate Crisis - Climate Crisis - Natural Resource Use and Waste Management - Water Management
	303-3 Water withdrawal	Appendix - 02 Performance Indicators - Environmental Performance Indicators
	303-4 Water discharge	Appendix - 02 Performance Indicators - Environmental Performance Indicators
	303-5 Water consumption	Appendix - 02 Performance Indicators - Environmental Performance Indicators
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	3 Strategic Drivers - 01 Climate Crisis - Net-Zero Economy, Management Structure, Climate Risks and Opportunities, Climate Targets and Indicators
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Appendix - 02 Performance Indicators - Environmental Performance Indicators
	305-2 Energy indirect (Scope 2) GHG emissions	Appendix - 02 Performance Indicators - Environmental Performance Indicators

	305-3 Other indirect (Scope 3) GHG emissions	Appendix - 02 Performance Indicators - Environmental Performance Indicators
	305-4 GHG emissions intensity	Appendix - 02 Performance Indicators - Environmental Performance Indicators
	305-5 Reduction of GHG emissions	3 Strategic Drivers - 01 Climate Crisis - Climate Targets and Indicators
Waste		
GRI 306: Waste 2020	306-3 Waste generated	Appendix - 02 Performance Indicators - Environmental Performance Indicators
	306-4 Waste diverted from disposal	Appendix - 02 Performance Indicators - Environmental Performance Indicators
	306-5 Waste directed to disposal	Appendix - 02 Performance Indicators - Environmental Performance Indicators
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	3 Strategic Drivers - 03 Employees and Society
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Appendix - 02 Performance Indicators - Social Performance Indicators
	401-3 Parental Leave	Appendix - 02 Performance Indicators - Social Performance Indicators
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	3 Strategic Drivers - 03 Employees and Society - Occupational Health and Safety - OHS
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	3 Strategic Drivers - 03 Employees and Society - Occupational Health and Safety - OHS
	403-2 Hazard identification, risk assessment, and incident investigation	3 Strategic Drivers - 03 Employees and Society - Occupational Health and Safety - OHS
	403-3 Occupational health services	3 Strategic Drivers - 03 Employees and Society - Occupational Health and Safety - OHS
	403-4 Worker participation, consultation, and communication on occupational health and safety	3 Strategic Drivers - 03 Employees and Society - Occupational Health and Safety - OHS
	403-5 Worker training on occupational health and safety	3 Strategic Drivers - 03 Employees and Society - Occupational Health and Safety - OHS - OHS Trainings
	403-6 Promotion of worker health	3 Strategic Drivers - 03 Employees and Society - Occupational Health and Safety - OHS - OHS Trainings
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3 Strategic Drivers - 03 Employees and Society - Occupational Health and Safety - OHS
	403-8 Workers covered by an occupational health and safety management system	3 Strategic Drivers - 03 Employees and Society - Occupational Health and Safety - OHS
	403-9 Work-related injuries	Appendix - 02 Performance Indicators - Occupational Health and Safety Indicators
	403-10 Work-related ill health	Appendix - 02 Performance Indicators - Occupational Health and Safety Indicators
Education and Training		

GRI 3: Material Topics 2021	3-3 Management of material topics	3 Strategic Drivers - 03 Employees and Society - Talent Management, Performance Management, Development Programs
GRI 404: Education and Training 2016	404-1 Average hours of training per year per employee	4 Strategic Drivers - 03 Employees and Society - Development Programs
	404-2 Programs for upgrading employee skills and transition assistance programs	4 Strategic Drivers - 03 Employees and Society - Development Programs
	404-3 Programs for upgrading employee skills and transition assistance programs	3 Strategic Drivers - 03 Employees and Society - Performance Management Appendix - 02 Performance Indicators - Social Performance Indicators
Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Percentage of employees receiving regular performance and career development reviews	3 Strategic Drivers - 03 Employees and Society Appendix - 02 Performance Indicators - Social Performance Indicators