

SUSTAINABILITY REPORT

2020

PIONEERING IDEAS,
SUSTAINABLE INVESTMENTS...



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SUSTAINABILITY MANIFEST

We dream of a world,
Where we can play a part, and even inspire positive change...
Where we can look at today with happiness and pride,
and toward tomorrow with hope and confidence...

We work with great drive
and keen awareness of our social responsibility
to make this dream come true.

We embrace sustainability as a guiding principle
in order to add value to the world with
financial, social, environmental and cultural benefits.

We focus on innovation;
we shape our solutions and business models
according to current conditions and
transcend time with digital breakthroughs.

We aim to continuously improve the welfare
of our home country and operating countries and
increase the quality of life without compromising
occupational health and safety - one of our core principles.

We value nature,
we preserve our natural resources for future generations,
reduce waste and increase efficiency,
support the circular economy, and
implement projects that will reduce our environmental footprint.

At Çalık Holding, we focus on people and
prioritize initiatives that positively impact human life.

We uphold equality and justice,
regardless of religion, language, race, or gender.

We believe that a more livable future is in our hands.

And we also know this fact;
every step we take with a heartfelt commitment to our
sustainability principle equates to

**VALUE FOR LIVES,
VALUE FOR THE FUTURE!**

**With 40 years of experience and know-how,
Çalık Group today is a big family operating
in 21 countries across diverse business lines.**

At Çalık Group, we have embraced our core
values from day one. Since the beginning, we
have closely monitored latest novelties, created
an innovation culture, and safeguarded our
business, society and the world. We have also
placed a particular focus on the concept of
sustainability from the very start.

Today, we keep working to provide value
to people and the world with a sustainable
investment strategy that will take our
performance to the next level, especially in the
new world order that emerged after the difficult
conditions of the pandemic.

INNOVATIVE AND SUSTAINABLE BUSINESS MODEL

We have achieved significant progress thanks to our ability to adapt to an ever-changing environment, coupled with our long-standing corporate values and our long-term objective of sustainable success. In our diverse fields of activity, we develop business models backed by many years of experience that enable us to take confident steps toward the future. We focus on new opportunities and new horizons with our forward-looking strategies.





PEOPLE-ORIENTED AND STABLE DEVELOPMENT PERFORMANCE

We aim to introduce solutions that will add value to human life and increase prosperity in all the regions where we operate as part of our core mission. With more than 15,000 employees, our projects touch the lives of millions of people across the world. We aim to reduce inequalities and become a key part of the growth in our regions through our responsible approach to development.



RESPONSIBLE APPROACH TO SOCIAL DEVELOPMENT

We see ourselves as members of the societies we live in and do business. We continue to support efforts that will benefit social development. We especially focus on gender equality and undertake key initiatives in this important area.



FOR OUR ENVIRONMENT, WORLD AND FUTURE

We recognize the dangers facing the world today. Our planet will encounter a major crisis if steps are not taken to protect the environment. For this reason, while we pay special attention to delivering environmentally friendly solutions combined with our innovative approach, we also are committed to raising awareness among society.



Solutions that add value to human life

Within the framework of its sustainability approach, Çalık Holding strives to deploy its corporate values and core sustainability principles in all its business practices.

ABOUT THE REPORT

Çalık Holding has prepared its first Sustainability Report, covering 2020 results and selected practices from earlier periods.

Gathering its commercial activities which started in 1981 under the umbrella of Çalık Holding in 1997, the Group carries out its operations in a wide geography covering 21 countries in Central Asia, the Middle East, Africa, the Balkans, and Eastern Europe. Çalık Holding operates in sectors of energy, construction, finance and banking, textile, mining, telecommunication and digital with more than 15,000 employees.

Within the framework of its sustainability approach, Çalık Holding strives to deploy its corporate values and core sustainability principles in all its business practices.

The report was prepared based on the GRI core standards. The utilization of six capitals and the value-produced in each area has been defined in line with an integrated thinking and reporting approach.



15,000+
Employees

Çalık Holding carries out its operations in a wide geography covering 21 countries in Central Asia, the Middle East, Africa, the Balkans and Eastern Europe.

As the report was prepared for the first time this year, not all of the standards were shown, and infrastructure have been started.

General information on the company and details on the core approach have been provided in the introduction section of the report. Within the framework of the sustainability approach, the social, environmental, economic dimensions and the governance to provide the climate that will realize these dimensions are presented under headings.

Through regular meetings held with the Board of Directors, during the preparation of the Sustainability Report information about the progress and findings were shared while opinions and recommendations were received.

This report covers all business activities of Çalık Holding.



High added value for our stakeholders

We launched our Group-wide sustainability journey at the beginning of 2020. The COVID-19 pandemic demonstrated the effectiveness of this approach.

MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

2020 started out with positive expectations across all sectors of Turkey's economy. However, following the impact of the global pandemic we faced challenges and problems, both social and economic, on a scale that we have never experienced before.

During this difficult period, Çalık Holding put the health and safety of society, its employees and stakeholders before everything else. We made health our top priority, both in our own working environments and in the areas we serve.

The year we exited was a time of not only health-based concerns, but a time where production, investment, foreign trade and consumption faced uncertainties and showed great fluctuations on a global scale. A high degree of uncertainty and volatility marked the entire year. At Çalık Group, we did our best to navigate this highly volatile environment with the least possible damage. Our Group's year-end results demonstrate that we succeeded in these efforts. We continue to launch new businesses, make new investments and record new achievements in our seven core sectors with the Çalık Group flag that we fly the world over.



12.8

**TL Billion
Net Sales**

Çalık Group applies its sustainability approach to all its new investments, projects and the way it does business across all its operating areas.

Beyond the power of its financial capital, Çalık Group's intellectual, human and relationship capital rank among its competitive strengths. In 2020, we realized internal and external projects that will further bolster our intellectual capital with our employees and stakeholders through a value-oriented working approach.

Since its establishment, Çalık Group has operated across a wide geographic area. We have the ability to do business in a diverse range of cultures with our operations in different world geographies. The Group has deep experience in establishing project-based and long-term business partnerships with global companies that provide services at the highest quality standards. With this approach, we both accelerated our development and strengthened our reputation.

The events and developments we witnessed during this difficult pandemic period have shown us and the entire world that no organization can guarantee its success simply by focusing on and improving its own performance. The larger ecosystem is critical as it shapes our lives through interaction at an ever-increasing pace. During this unprecedented time, we have also seen how accurate the sustainability journey that we started as Çalık Holding has been to date. With the start of this journey, the Holding

and all its companies committed to developing infrastructure and adopting approaches that will ensure long-term success and a sustainable performance, focused on expanding their perspectives on interaction areas and taking into account the dynamics of their respective sectors.

Çalık Group applies its sustainability approach to all its new investments, projects, and the way it does business across all its operating areas. With an innovative perspective, we remain highly motivated in searching for solutions that respect the environment and use resources in the most effective way in all facets of business – from project applications to procurement, production to logistics. We continue to obtain successful results with this approach. Our Group companies serve as models with their sustainability approaches and solutions. These forward-looking enterprises are also a source of pride for both their degree of internalization of sustainability principles and their global contribution to this important topic.

For a livable world, we must act together as the private sector, public, and civil society. The United Nations Sustainable Development Goals guide us on what we need to do by 2030 to ensure a livable world. Çalık Holding and Group companies support achieving the aim of a better world by contributing to these goals. We determined how we contributed and how we continue to contribute to these goals. At Çalık Group, we are constantly striving for a livable world by establishing relations and links between our corporate goals and the Sustainable Development Goals.



With an understanding focused on a continuous development approach and we wanted to share Çalık Holding's sustainability journey milestones with our stakeholders with this report. We continue to add value to our home country and the world with the broad perspective gained by our business activities across a wide range of geographies, the valuable experience of our highly competent and progressive human resources, and the area of influence we deepened with our stakeholders.

I would like to personally thank all our business partners and all our employees who gave us this strength and with whom we have been moving forward together towards our 40th year.

Best regards,

Ahmet ÇALIK
Chairman

ABOUT ÇALIK HOLDİNG

Çalık Holding was founded by Ahmet Çalık in 1981. The Company carries out its operations in a wide geography covering 21 countries in Central Asia, the Middle East, Africa, the Balkans and Eastern Europe. The group has more than 15,000 employees. Çalık Holding operates in sectors of energy, construction, finance and banking, textile, mining, telecommunication and digital.

ENERGY



ÇALIK ENERJİ

Çalık Enerji operates in a wide geography covering the Middle East, Central Asia, the African Continent and the Balkans in the fields of EPC power systems, renewable energy investments, electricity and natural gas distribution. In 2015, with the agreement between Mitsubishi Corporation and Çalık Enerji, 20 years of cooperation have turned into a partnership.



YEDAŞ

Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ) was founded in 2005 and was acquired by Çalık Group in 2010 within the scope of privatization efforts in Turkey. YEDAŞ provides service to the provinces of Amasya, Çorum, Ordu and Sinop with Samsun being center. It received many awards in the field of operational excellence at home and abroad for its R&D investments, uninterrupted service and customer-oriented service approach.



YEPAŞ

Yeşilirmak Elektrik Perakende Satış A.Ş. (YEPAŞ) provides electricity supply services to a wide audience from industrial enterprises to residential subscribers in the provinces of Amasya, Çorum, Ordu and Sinop with the center in Samsun. YEPAŞ is the electricity supplier of about 2.2 million people who consume electricity with nearly 1.9 million subscription contracts.



KEDS*

Kosovo Çalık Limak Energy Sh.A. (KEDS), which was acquired with Çalık Holding and Limak Holding partnership, operates in the youngest country of Europe, Kosovo, in electricity distribution and retail. The Company ensured the implementation of new technologies and effective measures by restructuring its energy distribution organizations and increased its operational efficiency. KEDS, the only company in the field of electricity distribution and retail in Kosovo, covers 100% of the country's electricity consumption.

*Partnership with Limak Holding A.Ş.

**Partnership with Kiler Holding A.Ş.



Aras EDAŞ

Aras Elektrik Dağıtım A.Ş. (Aras EDAŞ), which was acquired by Çalık Group and the Kiler Group through privatization in 2013, provides electricity distribution services in 7 provinces in a wide geography of 70.554 km² in eastern Turkey. It provides power to more than 2.2 million people in Ağrı, Ardahan, Bayburt, Erzincan, Iğdır and Kars provinces with the center in Erzurum.



Aras EPSAŞ**

Operating in the electricity retail sales field, **Aras Elektrik Perakende Satış A.Ş. (Aras EPSAŞ)** carries out electricity retail sales activities in Erzurum, Erzincan, Ağrı, Ardahan, Kars, Bayburt and Iğdır provinces and is the main electric supplier of more than 2.2 million people.

Deriving most of its income from international projects and investments, Çalık Holding has equity partnerships with major and well-known public companies, namely Mitsubishi Corporation, SECOM, SSR Mining and Sand Storm. Çalık Holding also has long-term business and solution partnerships with General Electric, Honeywell, Siemens and Thyssenkrupp.

CONSTRUCTION



GAP İNŞAAT

Gap İnşaat was founded in the 1990s to carry out the construction of Çalık Holding's textile factories, which were planned to be commenced at home and abroad and entered the contracting sector with its structuring in 1996. Gap İnşaat, which provides contracting services for projects of infrastructure, superstructure and residential projects and industrial facilities in international markets as well as in energy, oil and natural gas areas. The goal of Gap İnşaat is to be among the leading companies of the world in its sector.

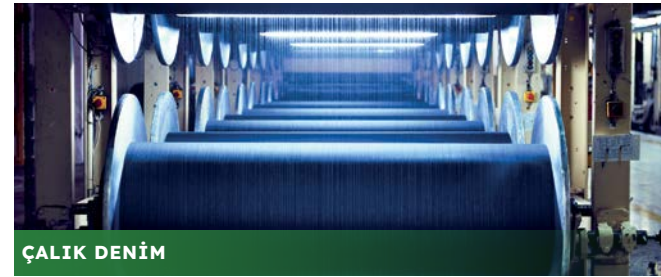
MINING



LİDYA MADENCİLİK

Having realized its first largest international cooperation in the Turkish mining sector in 2009 between Alacer Gold and Çalık Group, **Lidya Madencilik** started its activities in 2010. Lidya Madencilik aims to become the most valuable mining company in Eurasia by continuing its activities in Turkey and the region with competitive and high standards while continuing its project evaluation studies in the African continent.

TEXTILE



ÇALIK DENİM

Çalık Denim, the first company of Çalık Group, is among the largest premium denim fabric producers in the world today. The company, which designs original denim collections with innovative approaches developed by its powerful R&D center, produces for world brands such as Diesel, Replay, G-Star, Tommy Hilfiger, Pepe Jeans, Topshop, River Island, Marks & Spencer, Citizen of Humanity, Guess, Joe's Jeans, Good American, Frame, Banana Republic, H&M, GAP, Zara, Mavi. Çalık Denim has a production capacity of 55 million meters as of 2020.



GAP PAZARLAMA

Gap Pazarlama, established in 1994, is one of the major trading companies of the world textile market with its expert and experienced staff, technical background and continuous P&D activities. With its innovative designs, new collections, quality assurance and logistics solutions, Gap Pazarlama adds value to a broad customer base across Europe, USA, Russia and Turkey and contributes to the sustainable development of suppliers.

ABOUT ÇALIK HOLDİNG

Çalık Holding demonstrates a permanent growth performance by developing innovative solutions in its fields of activity. It aims to provide value to both itself and the society. Within the framework of this approach, a project was initiated in 2020 for the concept of sustainability and its inclusion in business and decision-making processes.

FINANCE AND BANKING



Turkey’s largest privately-owned investment bank, Aktif Bank, continues its activities as the largest financial technologies ecosystem in Turkey with its innovative business models and technology investments, in which it reinterprets investment banking. **Aktif Bank** acts as both a business partner and a competitor of financial technology companies in Turkey and globally with the products it offers in physical and digital channels. Having customer orientation incorporated in its genetic codes, the Bank addresses to its more than 10 million customers within more than 10 business lines at each and every point of the life on 360 degrees basis and within a wide range covering loans insurance, transportation, card services, payment systems and the world of entertainment, together with its subsidiaries and business partners.



Banka Kombëtare Tregtare, which was founded in 1925 and is one of the long-established banks in Albania, was acquired in the ratio of 60% in 2006 and fully in 2009 by Çalık Group. BKT, the largest bank in the country as of 2014, increased its market share to 26%, reaching the position of the bank with the highest market share among Turkish banks operating abroad.



BKT Kosovo started its activities in the country as a branch of BKT Albania in 2007 and brought more than 80 years of its heritage experience to this newborn country. In 2018, BKT Kosovo Branch changed its status from a “Foreign Bank Branch” to a subsidiary under the name of Banka Kombëtare Tregtare Kosovë J.S.C.

Çalık Holding aims to treat all cultures, beliefs, ethnicities and genders equally by prioritizing diversity, sustainability and resilience in all sectors and geographies where it operates.

TELECOMMUNICATIONS



Being one of the long-established companies in Albania and having been founded in 1912, **ALBtelecom** serves as Albania’s largest fixed line operator in electronic communication, fixed and mobile internet access, IPTV and information technologies. The Company, which joined in the Group in 2007, is distinguished from its competitors by its advanced fiber optic infrastructure and data quality.

DIGITAL



Çalık Digital, which started its activities at the beginning of 2018, works to determine roadmaps in the digital transformation processes of critical sectors such as health, energy, production and public services and develops innovative and competitive products and services. Çalık Digital develops projects in the fields of IoT, data science, digital twin, cybersecurity, specific software and IT infrastructure with local and global business partnerships and aims to increase the digital capabilities of its customers through strategic industry 4.0 applications.



Innovative, entrepreneurial spirit

Çalık Holding aims to grow 4-fold on 4 continents in 2025, which is its 44th anniversary, adding value to every life it touches in every field.

ÇALIK HOLDING'S MISSION AND VISION



Mission

To contribute to an increasing prosperity through the generation of solutions that provide value to human life in all the regions that we operate in with our skills and drive.



Vision

To grow four-fold on four continents by our 44th anniversary in 2025, providing value to every life we touch in all areas that we operate in, with reliable teams enlivened by our entrepreneurial spirit focused on innovation.



Our Values

Fairness

At work and in our principles, we are a family that is motivated by what is right and fair.

People-Oriented

We devote all our energy to improving people's lives. Our priority is always the development and happiness not only of our employees and customers but of all the people touched by the value we generate.

Reputation

We put our good name above all else.

Work from the Heart

Regardless of the conditions, we work diligently for our company, for our goals and for our projects that we believe will add value to human life.

Innovation

We constantly improve our solutions and business models, and discover what will make us different.

Agility

We have the flexibility and speed to overcome all challenges.

Sustainability

We value long-term, continuous success and respect the environment.



In the service of Turkey from the 1930s

Çalık Group, whose foundations date back to the 1930s, takes firm steps forward into the future with the strength it received from its long-established past.

MILESTONES

1930

- As a member of the Çalık Family, which pursues activities in the textile sector since 1930s, Ahmet Çalık carried out his first business activities in the textile industry in the 1980s.



1930

A success story dating back to the 1930s.

1981

- Making his first investments in 1981, Ahmet Çalık continued his breakthroughs in the textile sector during 1980s.

1987

- Ahmet Çalık established Çalık Denim, which today is among the world's biggest denim manufacturers.



80s

First steps were taken in the textile industry in the 1980s.

1994

- Gap Pazarlama was founded to expand the Group's market share in the international textile trade.

1995

- The Group started its operations in Ashgabat, Turkmenistan to establish its first denim factory in Central Asia and became one of the first foreign companies investing in Turkmenistan.



90s

Çalık Group made its first investments abroad in the 1990s.

1996

- Gap İnşaat was initially set up to construct the Group's textile factories, and was restructured with a broader focus on business development.

1997

- Çalık Holding was established and all Group subsidiaries were reorganized under a single banner.

1998

- Çalık Enerji was established.

1999

- The Holding entered the financial services industry.
- Çalık Bank was established.

2004

- Bursagaz, the natural gas distribution company of the city of Bursa, was acquired by Çalık Enerji through a privatization tender.

2006

- Çalık Holding acquired a 60% stake in Banka Kombetare Tregtare (BKT), one of Albania's two biggest banks.

2007

- Çalık Holding issued five-year Eurobond worth USD 200 million.
- Çalık Holding acquired ALBtelecom, Albania's largest fixed-line operator and internet service provider, by winning the privatization tender.
- Çalık Enerji acquired Kayserigaz, a natural gas distribution company operating in Kayseri.

2008

- In line with its growth strategy and restructuring initiative, Çalık Enerji sold off majority shares in Bursagaz and Kayserigaz to the Germany-based international energy company EWE.
- Çalık Holding completed the legal processes for the takeover of the media group ATV-Sabah Commercial and Economic Entity with a bid of USD 1.1 billion at the tender held by the Turkish Savings Deposit Insurance Fund. Çalık Holding sold a 25% stake in the ATV-Sabah Media Group to the Qatar Investment Authority (QIA).
- The Group's financial services subsidiary was restructured and renamed Aktif Bank.

2009

- Çalık Holding entered the mining sector via a joint venture with the Canada-based Anatolia Minerals, a Toronto Stock Exchange-listed concern.
- Çalık Holding became the sole owner of Banka Kombetare Tregtare (BKT) by purchasing the remaining 40% stake from the EBRD and IFC.
- Çalık Enerji won the privatization tender for Yeşilirmak Electricity Distribution, which distributes electricity to the Turkish provinces of Samsun, Amasya, Çorum, Ordu and Sinop.

2010

- The Holding's mining sector subsidiary was restructured and named Lidya Madencilik.
- The handover procedure of Yeşilirmak Electric Distribution Company (YEDAŞ) was completed and the company was incorporated in Çalık Enerji.



2009

Çalık Holding entered the mining sector via a joint venture with the Canada-based Anatolia Minerals, a Toronto Stock Exchange-listed concern.



2013

Çalık Holding, in partnership with Kiler Holding, acquired Aras Electricity Distribution, which distributes electricity to seven provinces in Eastern Anatolia.



2014

Al Khairat project was selected as the best project in the world in the industrial platform.

2011

- Çalık Cotton was established.

2012

- Lidya Madencilik increased its stake in Anagold from 5% to 20%.
- A geological survey commenced in June in the Polimetal Madencilik's sites.

2013

- Çalık Holding, in partnership with Kiler Holding, acquired Aras Electricity Distribution, which distributes electricity to seven provinces in Eastern Anatolia.
- E-Kent became the Central System Integrator by winning the e-ticket tender of the Turkish Football Federation (TFF).
- Çalık Holding exited from ATV-Sabah Commercial and Economic Entity (Turkuvaz Medya).
- Lidya Madencilik raised its stake in Polimetal Madencilik, a joint venture with Alacer Gold, from 50% to 80%

2014

- Çalık Enerji's 1,250 MW Al Khairat Power Plant project was awarded the "World's Best Project" in the industry category by Engineering News Record.
- Çalık Enerji expanded into the African market with the 550 MW Al Khoums Power Plant project in Libya.
- Gap İnşaat held the groundbreaking ceremony for the Turkmenbashi International Seaport turnkey project, which will become a key logistics hub in the Caspian region, widely considered the new "Silk Road."
- Foundations were laid for the Garaboğaz Fertilizer Factory, to be built by a consortium between Gap İnşaat and Japanese Mitsubishi Corporation for USD 1.3 billion.

Sustainable activities around the world

Çalık Holding implements pioneering projects for society and the business world, with the business processes, services and products developed with its sustainability approach.

MILESTONES

2015

- Çalık Enerji completed and delivered the Gardabani Natural Gas Combined Cycle Power Plant. The company also carried out the operation of the facility, thereby venturing into the area of power plant operation.
- After more than 20 years of close collaboration in constructing industrial facilities dating back to the early 1990s, Mitsubishi Corporation and Çalık Holding entered into a full partnership agreement. Mitsubishi Corporation acquired a 4.48% stake in Çalık Enerji.
- Following the signing ceremony, Çalık Enerji began construction on the 1,574 MW Combined Cycle Power Plant in the city of Mary, Turkmenistan. When completed, Mary Power Plant will be the largest power plant in the country.
- Gap İnşaat completed the Turkmenistan Science and Education Center project, which will serve as a model for future teaching hospitals with its state-of-the-art technology simulation techniques and robotic surgery practices. Additionally, the company signed an agreement for the construction of the Endocrinology and Surgery Center.



2015

Following the signing ceremony, Çalık Enerji began construction on the 1,574 MW Combined Cycle Power Plant in the city of Mary, Turkmenistan. When completed, Mary Power Plant will be the largest power plant in the country.



2016

Demircili and Sarpıncık Wind Power Plants started to provide service.

2016

- Çalık Enerji began production at the South Çalıktepe-1 oil field in the southeastern Anatolia region.
- The 40 MW Demircili and the 32 MW Sarpıncık Wind Power Plants in Izmir started their operations.
- The construction of the Morphology, Neurology, Dangerous Infections Center and the Public Health Center in Turkmenistan were completed and their openings were held.
- The physical separation of YEDAŞ and YEPAŞ, both of which have been engaging in electricity distribution and retail sales in the same service areas, was completed in 2016.
- In 2016, Çalık Denim invested USD 14.4 million in new capacity and USD 10.7 million in operations.
- In addition to its current lines of business, Gap Pazarlama ventured into the petrochemical industry and began its operations in 2016.
- Aktif Bank established two subsidiaries: Mükâfat Asset Management and EchoPOS.

2017

- In cooperation with Çalık Enerji and Mitsubishi Corporation, the construction agreement for the 18 MW Tedzani-4 Hydroelectric Power Plant, which will be the first HEPP in Sub-Saharan Africa, was signed.
- Construction of Al-Khums Simple Cycle Power Plant in Libya was completed.
- Aden Fast-Track Mobile Power Plant, the first mobile power plant contract in the Middle East and the first project in Yemen, commenced operations.
- Gap İnşaat opened the Endocrinology Hospital, which serves as an Endocrinology and Surgery Center housed in two buildings in Ashgabat, Turkmenistan.
- BKT Kosovo was established.

2018

- Completed in 2018 as the largest combined cycle power plant in the world, Mary-3 Combined Cycle Power Plant was opened in Turkmenistan.
- The EPC section of "Port Rehabilitation Project" in which Çalık Enerji and Gap İnşaat participated together in Iraq's Basra region was won in cooperation with Mitsubishi Corporation.
- The most important energy project of Asia, the TAP 500 Project was carried out and the funding, engineering, construction and maintenance-repair of the project was undertaken.
- In 2018, the opening ceremony was held for the Turkmenbashi International Seaport Project, which is the largest port of the Caspian Sea and the most important logistics center on the historical Silk Road. Turkmenbashi Seaport Project was awarded the "Best Global Airport/Seaport Project" by ENR.
- Garaboğaz Fertilizer Factory was opened in Turkmenistan as the largest manufacturer of ammonia and urea.
- Partnered by Lidya Madencilik, the Sulfide Gold Plant in Erzincan was put into operation with an investment of USD 700 million.
- Çalık Alexandria plant in Egypt was re-commissioned in 2018 and started production.



2017

Aden Fast-Track Mobile Power Plant, the first mobile power plant contract in the Middle East and the first project in Yemen, commenced operations.



THE GLOBAL GOALS For Sustainable Development

2019

Çalık Denim and Çalık Enerji became signatories of the Global Compact, which recommends universal principles.



2020

The Romanian Power Plant Project, the first EPC construction work undertaken by Çalık Enerji in Europe, and the largest and first combined cycle power plant project of the country in Senegal started.

2019

- Çalık Enerji started Tedzani Hydroelectric Power Plant Capacity Increase Project (Tetzani-4) in Malawi.
- Gap İnşaat initiated activities in the Gulf Region with Qatar following activities in Central Asia.
- Gap İnşaat consolidated its presence in Central Asia with the Mari Fertilizer Factory in Turkmenistan.
- Lidya Madencilik commissioned Çöpler Sulfide Facility at full capacity.
- In order to create a common development culture in the business world, Çalık Denim and Çalık Enerji became signatories of the Global Compact, which recommends universal principles.
- Secom Aktif Güvenlik Çözümleri company was established in partnership with Secom, the electronic security industry market leader in Japan.

2020

- The Romanian Power Plant Project, the first EPC construction work undertaken by Çalık Enerji in Europe, and the largest and first combined cycle power plant project of the country in Senegal started.
- Gap İnşaat opened and delivered the Burn Treatment Center and Cosmetology Center built in Ashgabat, the capital of Turkmenistan.
- Çalık Denim implemented the Dyepro technology, which enables dyeing without using water.
- Lidya Madencilik completed all permits for the Polimetall Balıkesir Gold Mine Project and started construction works.

Significant contributions to global prosperity

Çalık Holding is known for its integrity, reliability, strong financial assets and long-term collaborations with international companies throughout its activities in diverse regions of the world.

OUR OPERATIONAL GEOGRAPHY (STATUS IN 2020)

USA
Textile (Gap Pazarlama - Gappa Textile Inc.)
Finance (Aktif Bank - Dome Zero Inc)

With a vision to create significant added value and enrich countries in which the Group companies operate, Çalık Holding was established in 1997 to bring all of them together under a single banner. Today, the Holding conducts business operations with more than 15 thousand employees across 21 countries, in seven main areas.

Çalık Holding operates in a wide range of industries – energy, construction, textiles, mining, telecommunications, finance and digital sectors.

Throughout its operations across the world, Çalık Holding is known for its integrity, reliability, robust financial structure and long-term collaborations with international companies. It develops innovative business models and moves forward in its lines of business with sustainable growth.

NETHERLANDS
Energy (Çalık Enerji - Technological Energy N.V.)
Construction (Gap İnşaat - White Construction NV)
Textile (Çalık Denim - Calik Denim B.V.)
Mining (Lidya Madencilik - Amethyst Holding N.V.)

SWITZERLAND
Energy (Çalık Enerji - Çalık Enerji Swiss AG)

KOSOVO
Energy (Çalık Enerji - Kosovo Çalık Limak Energy Sh.A.)
Finance (BKT - Banka Kombëtare Tregtare Kosovë JSC)

RUSSIA - TATARSTAN
Finance (Aktif Bank - Eurasian Leasing Company)

KAZAKHSTAN
Finance (Aktif Bank - Kazakhstan Ijara Company KIC Leasing)

UZBEKISTAN
Mining (Lidya Madencilik - Lidya Aurasia)
Energy (Çalık Enerji - UZTUR Investment and Development)

TURKMENISTAN
Textile (Çalık Denim - Balkan Dokuma TGPJ)
Textile (Çalık Denim - Serdar Pamuk Egrigi Fabriği ÇJB)
Textile (Çalık Denim - Turkmenbashi Textile Complex)
Textile (Çalık Denim - Gap Türkmen-Turkmenbashi Jeans Complex)

TRNC
Finance (Aktif Bank - Euro-Mediterranean Investment Company Limited)

LIBYA
Construction (Gap İnşaat - Gap Construction Co.)

ALBANIA
Telecommunications (Albtelecom SH.A)
Finance (Banka Kombetare Tregtare Sh.a (BKT)
Finance (BKT - Albania Leasing Company)

DEMOCRATIC REPUBLIC OF CONGO
Energy (Çalık Enerji - CE SOLAIRE 1 SAS)
Energy (Çalık Enerji - CE SOLAIRE 2 SAS)
Mining (Lidya Madencilik - Nouvelle Frontier Sarl)

SERBIA
Energy (Çalık Enerji - LC Electricity Supply and Trading d.o.o)

QATAR
Construction (Gap İnşaat - Gap Construction Investment and Foreign Trade LLC-Qatar)

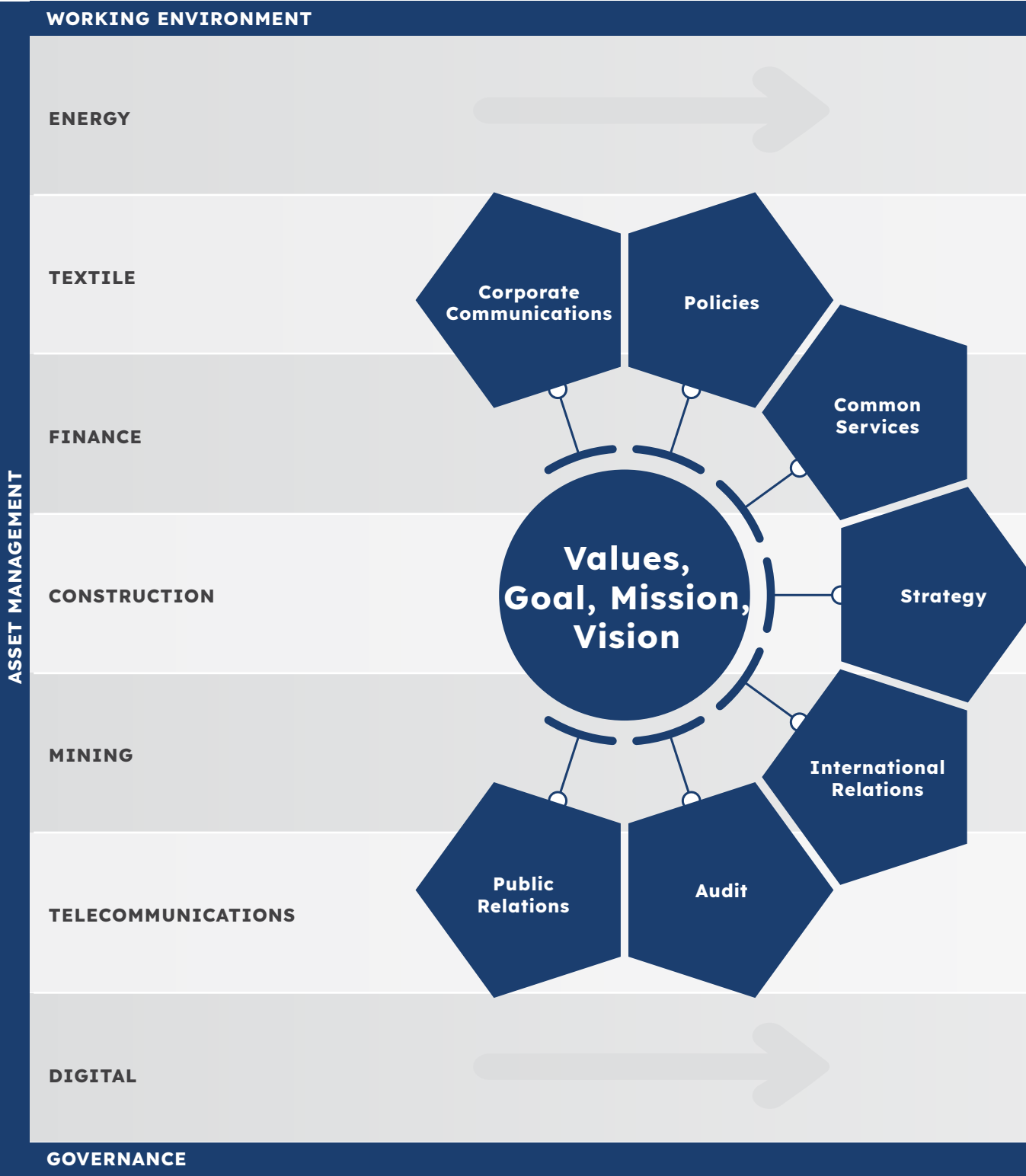
SAUDI ARABIA
Energy (Çalık Enerji - Saudi Jalik Energy Company)

SUDAN
Construction (Gap İnşaat - Gap İnşaat Construction and Investment Co. Ltd.)

EGYPT
Textile (Çalık Denim - Çalık Alexandria for Readymade Garments)

OUR STRATEGY AND ASSET MANAGEMENT PRINCIPLES

Çalık Holding aims to be the most prominent in its fields of activity. With this approach, it guides the companies in its portfolio to maintain their activities with a culture that is innovative, compatible with sustainability principles, centered on customer satisfaction, compatible with ethical rules and Holding values, always developing itself, and with a perspective offering a good working environment for its employees.



ORGANIZATIONS WITH MEMBERSHIP

- Foreign Economic Relations Board (DEİK)
- Turkey-US Business Council (TAİK)
- Turkish Industry and Business Association (TÜSİAD)
- KEIDANREN (Japan Business Federation)
- Turkish Exporters Assembly (TİM)
- Electricity Distribution Services Association (ELDER)
- İstanbul Chamber of Commerce (İTO)
- İstanbul Chamber of Industry (İSO)
- The Union of Chambers and Commodity Exchanges of Turkey (TOBB)
- Ankara Chamber of Commerce (ATO)
- İstanbul Textile and Raw Materials Exporters' Association (İTHİB)
- İstanbul Textile and Apparel Exporters' Association (İTKİB)
- ONE
- Independent Industrialists' and Businessmen's Association (MÜSİAD)
- Turkish Contractors Association (TMB)
- Turkish Clothing Manufacturers' Association (TGSD)
- National Education Foundation (MEV)
- Business Council for Sustainable Development Turkey (BCSD Turkey)
- Turkish Marine Environment Protection Association (TURMEPA)
- The Banks Association of Turkey (TBB)
- Supply Chain Management Association (TEDAR)
- Turkish Capital Markets Association (TSPB)
- Ethics and Reputation Society (TEİD)
- Turkish Employers' Association of Construction Industries (İNTES)

DIFFERENTIATING TOPICS

- Energy investments are made in renewable resources. Supports the fight against climate change in our country and the world.
- Provides support to the growth of developing countries and the improvement of their quality of life by building energy production facilities for these countries in Africa, the Middle East and Central Asia.
- Supports solutions for people's problems in the operating countries and helps them with their social and economic development.
- Customer satisfaction, working with a sustainable business model, and adding value to its stakeholders are its main focuses.

- Cooperates with global giants, and sustainability is a part of its business model and strategy.
- Develops its business processes with a sustainability approach.
- Implements sustainable supply chain policies. In this respect, it helps its suppliers' development by inspecting them.
- Diversifies its geography of supply in order to obtain sustainable resources.
- Develops new products compatible with its sustainability approach.
- Produces recyclable products and designs with such fabrics.

- Prioritizes renewable energy financing.
- Evaluates the economic impacts, environmental and social impacts and the governance structures of institutions in the credit evaluation processes.
- It has identified inclusive financing as a priority area. It reaches out to different socio-economic groups in this area through a dealer network and collaborations. It helps people meet their needs and increase their quality of life.
- Develops and makes available digital solutions through its subsidiaries. Thus, it provides the opportunity to make financial transactions at a low cost.

- Produces value by providing effective solutions to its stakeholders with its expertise in housing, production facilities, ports and health.
- Offers turn-key solutions at production facilities, ports and health facilities. In its projects, it works with business partners who are leaders in their fields.
- When constructing facilities, it provides training for the personnel who will operate these facilities and provides scholarships to support them to study in said country or in Turkey.
- Supports the development of countries with both the facilities it has established and the people it supported in their education.
- Conducts efforts in accordance with the sustainability approach in housing projects and executes these efforts by obtaining certificates with international validity.
- Customer satisfaction is the focus of its strategy. It completes its projects on time and with the desired quality. To date, it collected the payments for each project in accordance with the designated payment plan.

- Sustainable mining is at the heart of its strategy.
- Structures its business processes in the light of the highest environmental and social standards.
- Carries out its activities in strong interaction with stakeholders.
- Its successful business model, business approach and sustainable business principles allow the Company to establish partnerships with important companies in the world.

- It is the largest fixed-line operator in Albania.
- Aims to provide the most appropriate solutions for the needs of its customers.
- As a company with the most Wi-Fi points, it provides people with easy access to the Internet and access to information.
- Facilitates the life of the consumer by providing one-stop solutions.
- Offers solutions in different areas of the telecommunication sector (fixed, mobile, internet, IPTV, etc.).
- Customer satisfaction is at the focus of its strategy and business model.

- Partnered with GE Digital, one of the world's leading institutions in the field of digitalization.
- Digitalization is an inevitable requirement for institutions. Çalık Digital is one of the leading organizations in the sector that supports this transformation.
- Adopted a growth strategy developed with strong business partners in a strategically growing market.
- Acts with a specialized strategy for the health, energy, energy and public sectors.
- It has the ability to provide solutions for IoT, data science, digital twin, cybersecurity, software, IT infrastructure, Industry 4.0 applications.

OUR BUSINESS MODEL

Maximum benefit for all stakeholders

CAPITALS

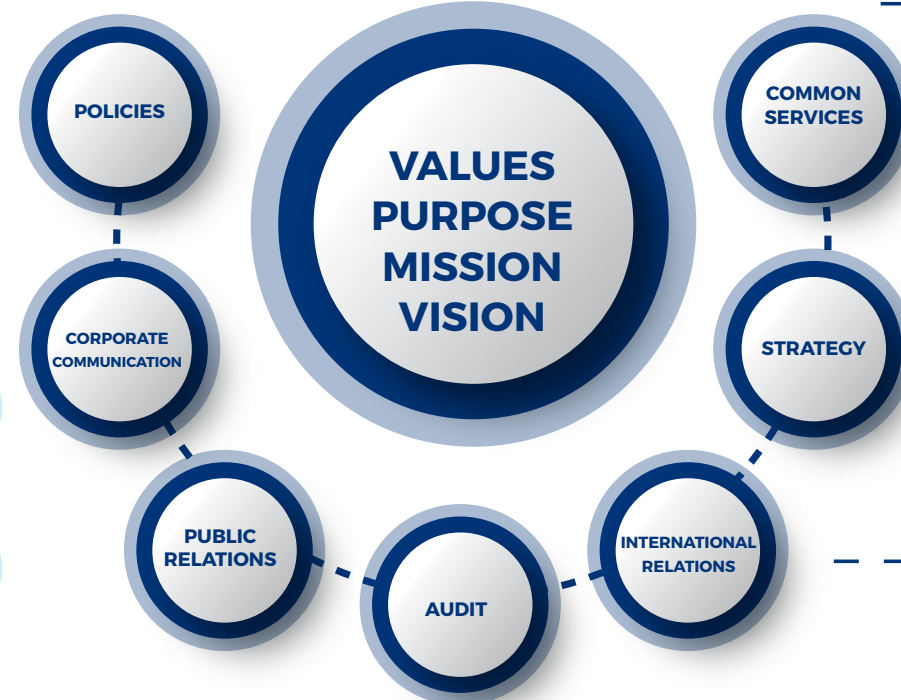
BUSINESS MODEL

OUTPUTS

VALUE CREATED

ASSET MANAGEMENT

ENERGY-TEXTILE-FINANCE-CONSTRUCTION-MINING-
TELECOMMUNICATIONS-DIGITAL



GOVERNANCE

Employment for more
than 15 thousand people

TL 3.8 billion
profit

Project management,
production experience

Suppliers and
customers in 21
countries

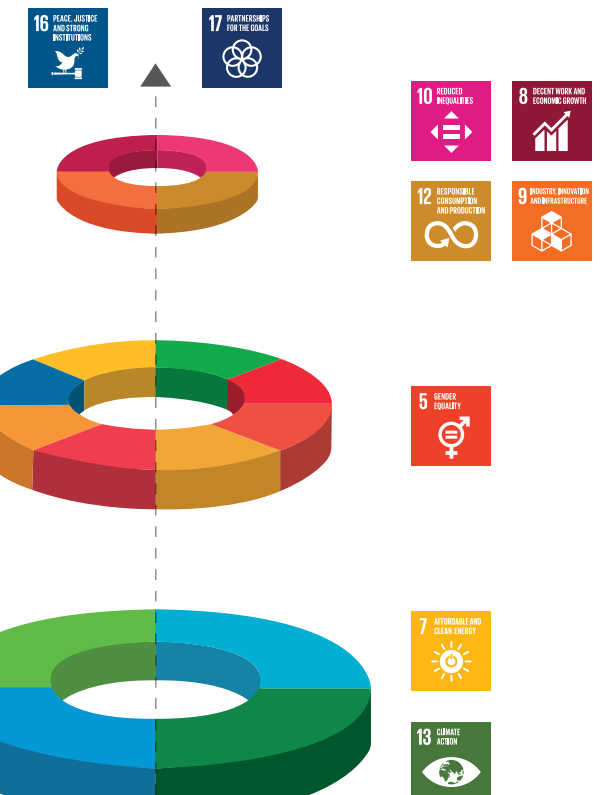
8 factories

SUSTAINABLE BUSINESS MODEL

ECONOMY

SOCIAL

ENVIRONMENT



Synergic structure, superior performance

Çalık Holding carries out its efforts in order to introduce solutions which will add value to human life and increase prosperity, with its Group companies in all the regions it operates, as part of its mission.

OUR BUSINESS MODEL

Çalık Holding carries out its efforts in order to introduce solutions which will add value to human life and increase prosperity, with its Group companies in all the regions it operates, as part of its mission.

The main function of the Holding is to create policies in order to guide the Group and determine the rules and values regarding the approaches to doing business. The prepared policy documents, values and rules are shared with the Group companies, meetings and trainings are held on their dissemination. One of the main functions of the Audit Department is to inspect the business processes of both the Holding and the Group companies and to support the adoption of these values and rules by playing a guiding role on necessary issues.

The Board of Directors and Senior Management of the Holding take decisions related to the formation and management of the Holding portfolio. The same team plays a guiding role in the creation of the strategies of the Group companies in accordance with the expectations of the Holding.



The success of its strategy and business approach can be seen in the Çalık Group's long-standing business partnerships with the world's leading institutions and the demands for the creation of new ones.

In areas where it is considered that a joint execution constitutes synergy, the Holding works as the party performing these services. The Central Purchasing Department of the Holding produces value in terms of standardization of procurement processes, ensuring efficiency with the increased bargaining power, and creating central purchasing policies.

The human resources structure of the Holding helps to create a common approach and culture within the institution by developing policies and methods recommended to be applied throughout the Group. It plays an important role in appointing managers and senior management of group companies by evaluating the talent pool of Group companies as a whole in internal appointments. The Holding's Human Resources also prepares the Group's policies and approaches for recruiting talent.

Çalık Holding assumes the roles of guiding, initiating relations and providing support to both its own and Group companies regarding existing and future relations with international bodies.

The Project Management Team of the Holding is engaged in sharing experience and spreading good examples among the Group companies while ensuring the efficient execution of projects.

The Holding assumes the roles of guiding, initiating relations and providing support to both its own and Group companies regarding existing and future relations with international bodies. The success of this strategy and business approach is seen in the Group's long-standing business partnerships with the world's leading institutions and the demands for the creation of new ones.

The Holding's Corporate Communication Team prepares strategies, approaches and rules that are expected to be followed that will guide the Group and shares them with the Group companies. The Group companies carry out their own communications in accordance with this approach. The Corporate Communication Team carries out its work both on behalf of the Holding and on behalf of the Group companies in coordination with the relevant companies.

Another important area in which the Holding acts as a guide is public relations. The Holding determines the main approaches in this area. Each Group company conducts public relations related to its own subject and, when necessary, requests support from the Holding. The Holding plays a leading role in representing the Group before the public and establishing high-level relations.

Regarding the functioning of the Group, the Group companies operating in seven different fields employ more than 15 thousand people while the Group's activities cover 21 countries. With these activities, it creates value for all its stakeholders and contributes to the development of countries and the improvement of people's quality of life.

The Group's activities provide support to the realization of Sustainable Development Goals.

ENVIRONMENTAL

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

SOCIAL

5 GENDER EQUALITY

ECONOMIC

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

GOVERNANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

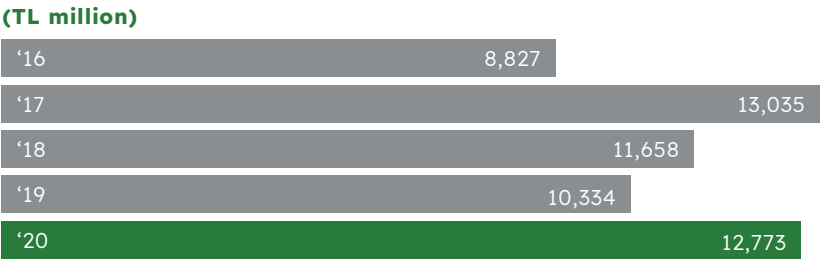
SUMMARY FINANCIAL INFORMATION

Financial results making difference



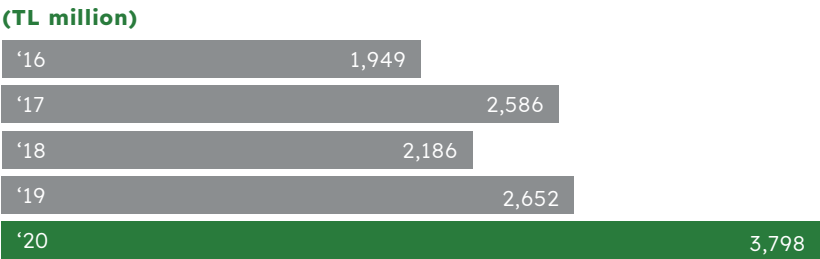
12.8

TL Billion
Net Sales



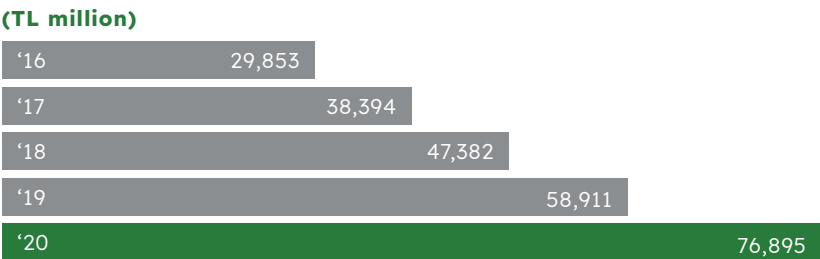
3.8

TL Billion
EBITDA



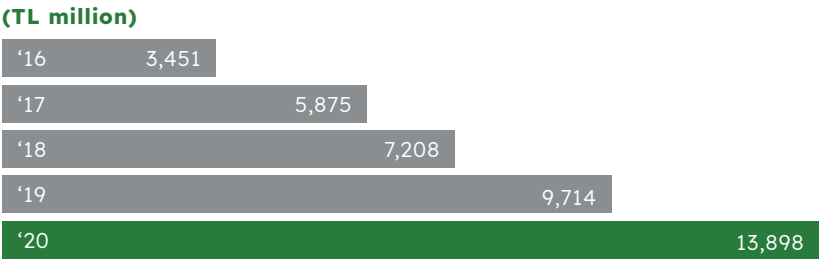
76.9

TL Billion
Total Assets



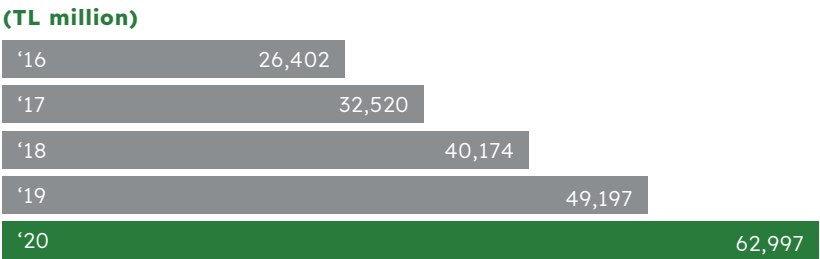
13.9

TL Billion
Total Equity



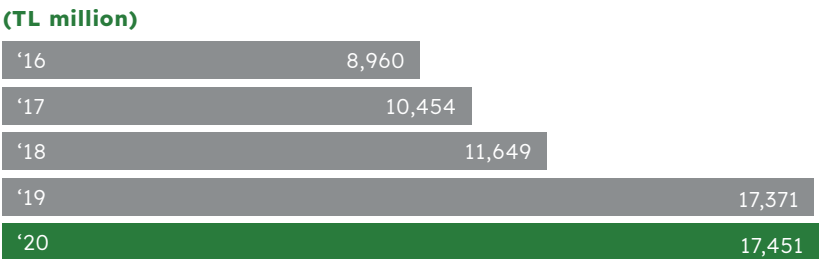
63.0

TL Billion
Total Liabilities



17.5

TL Billion
Financial Debts



Priorities addressed from a stakeholder perspective

When creating the materiality topics for Çalık Holding, the stakeholder perspective was included in the study, taking into account the priorities defined within the Group companies.

MATERIALITY TOPICS

HOW WERE THE MATERIALITY TOPICS IDENTIFIED?

Çalık Holding has prepared its first sustainability report this year. At the execution stage of this work, progress was realized by taking the opinions of senior managers. Each manager linked and relayed the efforts in his/her area of responsibility with core topics in the sustainability approach and prioritized them by defining the materiality topics. The stakeholder perspective was included in the study, taking into account the priorities defined within the Group companies.

The Senior Management of the Holding works in close interaction with both internal and external stakeholders. Thus, they have information about topics such as needs, expectations, areas that need to be developed. No interaction with external stakeholders was carried out during the preparation of the report. However, as mentioned above, the opinions of the stakeholders are also represented in this study since the management staff, who shaped the study with their opinions, interact closely with stakeholders and have knowledge about their needs. Stakeholder definition; relationship method, requirements and frequencies were defined. The development area was determined and a planning infrastructure was developed accordingly for the coming periods.

The results of the study on identifying materiality topics were at first presented to the Senior Management. After the Senior Management evaluation, the materiality matrix was finalized within the framework of the recommendations.

Following the approval of the Senior Management the materiality matrix prepared was submitted to the Board of Directors and the approval of the Board was also obtained.

IMPORTANT TOPICS

- Sustainable Profitability
- Digital Transformation and Innovation
- Corporate Governance
- Effective Risk Management
- Sustainable Business Model
- Collaborations/Partnerships Management
- Climate Change/Renewable Energy Investments
- Geographical Diversity
- Employee Satisfaction and Supporting Employee Development
- Responsible Purchasing and Supply Chain
- Development of Relations with International Financial Resources
- Equal Opportunity and Diversity



MATERIALITY TOPIC	WHY IS IT IMPORTANT?	HOW ARE WE MANAGING IT?
Sustainable Profitability	Sustainable profitability is of great importance for the continuity of an organization. The organization cannot continue its activities if it is not profitable. An organization that cannot maintain its activities cannot generate value for its stakeholders.	Çalık Group implements a growth strategy in which sustainable costs are kept under control. It invests primarily in digital channels. It develops applications that will facilitate the lives of customers and improves processes. For example, Aktif Bank improves its service network and profitability by using subsidiary and dealership approaches instead of physical branches and by constantly monitoring and improving the quality of service in these places.
Digital Transformation and Innovation	Business processes are increasingly being transferred onto the digital environment. Digitalization is important both to adapt to change, improve the ability to make quick decisions, to keep costs under control, and to develop the ability to generate value for different stakeholders, and thus to grow and increase profitability.	Each of the Group companies conducts work on digitalization. By commissioning many digital applications especially in the field of finance it leads the way in this field and increases its competitiveness. The Holding's Information Technology Department provides support to the planning of the activities in this field, the establishment and operation of systems for both the Holding and the Group companies.
Corporate Governance	Corporate Governance ensures that the organization makes decisions based on the right perspective and with a systematic approach. Good governance improves the decision quality of the institution. A good governance approach helps to make decisions that are evaluated from different perspectives by supporting data-based, participatory decision-making.	Diversity is given importance at the Board of Directors. The Board of Directors consists of people with experience in business fields. Authority is delegated between the Board of Directors and the management.

MATERIALITY TOPICS

The results of the study on identifying materiality topics were at first presented to the Senior Management. After the Senior Management evaluation, the materiality matrix was finalized within the framework of the recommendations.

MATERIALITY TOPIC	WHY IS IT IMPORTANT?	HOW ARE WE MANAGING IT?
Effective Risk Management	Organizations can survive only as long as they manage their risks effectively. When identifying risks, it is necessary to evaluate non-financial risks as well as financial risks. Because over time non-financial risks cause financial consequences.	Under the supervision of the Boards of Directors, Çalık Holding Group companies carry out the studies on managing the risks in their fields themselves. The Holding develops recommendations on how to manage risks by evaluating risks from a higher level within its own business portfolio. These recommendations are communicated through the Board of Directors to include areas that are useful both in guiding portfolio-related practices and in taking action by Group companies.
Sustainable Business Model	Working with a sustainable business model is no longer a choice. In order to understand and manage their risks, organizations need to create business models and strategies, taking into account financial and non-financial issues. It should be realized that the main goals of organizations are to add value to themselves, their stakeholders and the societies in which they exist.	Çalık Holding's corporate values include sustainability. Sustainability has a significant impact on the activities of the Group companies. That is why Group companies work to harmonize their business models with a sustainability approach.
Collaborations/ Partnerships Management	Collaborations and partnerships are important for expanding the field of activities, strengthening the quality of work done, and growing.	Çalık Holding and Çalık Group companies are always considered as trusted partners. Collaborations and partnerships with world giants have been continuing for a long time, and new ones are being added to existing ones.
Climate Change/ Renewable Energy Investments	Climate change is one of the most important problems in the world and is important for all fields of activity. The Group companies have the opportunity to contribute to the fight against climate change by planning their activities correctly, directing their investments to the right areas and shaping their business models based on this perspective.	Çalık Holding attaches importance to the issue of climate change. It supports the efforts of its Group companies in this direction. For instance, Çalık Enerji invests in renewable energy, Aktif Bank provides renewable energy loans, Gap Pazarlama and Çalık Denim are trying to act in accordance with environmental impacts in their supply chains.

MATERIALITY TOPIC	WHY IS IT IMPORTANT?	HOW ARE WE MANAGING IT?
Geographical Diversity	Geographical diversity is important both for reaching the right markets and for being able to supply from sustainable sources.	Group companies operating especially in the textile sector provide their supplies from different geographies and thus diversify their supplies from sustainable resources.
Employee Satisfaction and Supporting Employee Development	Employees are the most important resources of companies. In today's world, having competent human resources, attracting and retaining talents play an important role in the success of organizations. Regarding the values of companies, intangible assets gain importance. Human capital is one of these components.	Çalık Group is aware that its employees are its most important asset. It attaches importance to the development of human resources, ensuring a good working environment, and running an effective performance management system, thus aiming to increase employee satisfaction and commitment.
Responsible Purchasing and Supply Chain	The development of the supply chain is important both in terms of managing the risks of the organization and creating value for stakeholders.	Purchases outside textile companies and banks are made by the central purchasing department at the Holding. This department works both on the selection of suppliers and on their development. Tender operations are carried out at an electronic environment. Textile companies are sensitive about sustainable supply due to the demands of their customers on this subject. Holding approaches are being used in bank purchase transactions.
Development of Relations with International Financial Resources	Access to finance is critical for the sustainability of companies. The supply of resources both from home and abroad is important for risk management, cost and maturity management.	The Group is in contact with financial institutions abroad. When necessary, resources are obtained through the negotiations held with the relevant organizations.
Equal Opportunity and Diversity	Equal opportunity and diversity are important for reaching the skill pool of the entire society and attracting talents. Equal opportunity helps people feel safe about themselves and their careers and to increase employee satisfaction and loyalty.	Çalık Group's ethical values stipulate that all its employees should be treated equally and that no one should face discrimination. The Holding's Audit Group conducts audits on the implementation of this policy.

FOR WHOM WE CREATE VALUE - STAKEHOLDERS

Çalık Holding aims to create value for the organization, its stakeholders and society by cooperating with its stakeholders. The following explains the interaction with stakeholders and the interaction approach of the Holding.

STAKEHOLDERS	COMMUNICATION TOPIC	COMMUNICATION METHOD	COMMUNICATION FREQUENCY
Shareholders	Evaluation and approval of the corporate strategy, briefing on auditing the conduct of business processes and activities in accordance with the strategy, values and ethical rules, and obtaining opinions on issues where support is requested	Board of Directors meeting, General Assembly meeting, reporting	Board of Directors meetings, and in case of need
Holding Departments	Project-based, informational contacts with departments in a coordinated manner	Meeting, phone calls and digital channels	Several times a month
Employees	Human Resources related processes, internal communication activities, announcements	One-on-one interviews, meetings, phone calls, digital channels, internal communication platform	Everyday
Potential Employees	Addition of new talents into the institution as needed by the organization	Announcements, social media, meeting invitations, interviews	In case of need
Collaborations/ Partnerships	Discussions with partners on existing and new projects	Visits, meetings, phone calls, digital channels, project teams	According to project requirements
Public Authorities	Reporting obligations stipulated in laws and legislations, information and opinion exchanges, opinion meetings	Visits, meetings, conferences, phone calls, digital channels	In case of need
Non-Governmental Organizations	The activities carried out together with NGOs at events (Turkish Red Crescent, Educational Volunteers Foundation of Turkey (TEGV), Children with Leukemia Foundation (LÖSEV), Foundation for the Support of Women's Work (KEDV), etc.).	Event-based communication	According to project requirements
International Finance Organizations	Access to finance resources, project financing	Visits, meetings, phone calls, digital channels	In case of need
Media/Press	Informing about the Group, informing about business and social projects, discussions and interviews	Visits, meetings, phone calls, digital channels, press conferences, interviews, press releases	Regular communication
Advertising Agencies	Planning of work on the promotion of the Group	Visits, meetings, phone calls, digital channels	Regular communication
Suppliers	Realization of procurement processes, training, orientation, audit activities, tender processes	Visits, meetings, tenders, audit visits, training and development activities	Regular communication

BUSINESS APPROACH OF THE BOARD OF DIRECTORS

The Board of Directors works to realize the Group's vision in accordance with the Group's mission. The Board of Directors analyzes and approves the Company's strategy. It audits the management of activities in accordance with strategy, values, ethical rules and goals established.

In its strategic decisions, the Board of Directors primarily monitors the long-term interests of the Company with a rational and prudent risk management approach by keeping the Company's balance of risk, growth and return at the most appropriate level. It takes decisions on all kinds of businesses and transactions necessary for the realization of the operation subject of the Company.

It creates internal control systems including risk management, information systems and processes that can minimize the impacts of risks that may affect the Company's stakeholders, especially the shareholders, by also taking into account the opinions, if any, of the relevant Board committees. It ensures the effective functioning of the internal control system and internal audit, and provides that Independent Auditors, if any, conduct their audits under appropriate conditions.

It reviews the effectiveness of risk management and internal control systems at least once a year.

It plays a leading role in maintaining effective communication between the Company and its shareholders, removing and resolving disputes that may arise.

It performs its activities in a transparent, accountable, fair and responsible manner.

The members of the Board of Directors are obliged to fulfill their duties with the care of a prudent manager and to observe the interests of the Company in accordance with the rules of integrity.

The Board of Directors determines the powers of the Company's Senior Management and the management.

A member of the Board of Directors does not participate in meetings and does not vote for decisions regarding to himself/herself or the parties with whom he/she is related to.

Each new member of the Board of Directors is subjected to an orientation program in order to get to know the organization.

The Chairman of the Board of Directors:

- Manages the Board meetings, determines the meeting agenda and ensures that the decisions of the Board are effectively implemented.
- Provides for the creation of explanatory, systematic orientation programs that will prepare the newly appointed members of the Board in a way that will add value to the organization.
- Ensures that the members of the Board, the entire Board and (if any) its committees are subjected to a performance assessment at least once a year.
- Manages the work aimed at identifying and developing the individual development areas of the members of the Board and put forth areas where the performance of the Board as a team is open to development.
- Ensures the active participation of all members of the Board.
- Ensures that the structures of the committees established within the Board are open and their work is effective.

The Secretary of the Board prepares the minutes of the meeting and shares them with the members.

BUSINESS APPROACH OF THE BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS



AHMET ÇALIK
Chairman of the Board

Ahmet Çalık is a member of a prominent family operating in the textile industry since the 1930s. Ahmet Çalık launched his first business initiative in this sector in 1981. He laid the foundations of Çalık Holding, one of the leading companies in Turkey and the nearby geography. Çalık Holding operates in energy, construction, mining, textile, telecommunications, finance, and digital industries.

Ahmet Çalık made the first large private sector industrial investment in Eastern Anatolia in the second half of the 1980s by founding Çalık Denim in Malatya. The Company is among the largest premium denim fabric producers in the world today.

Following the Turkic Republics gained their independence in the 1990s, Mr. Çalık commenced establishing business operations in these countries and became one of the first foreign businesspeople to invest in Turkmenistan by setting up textile factories in the country.

With the purpose of generating added value and enriching the geographies in which the Group companies operates, Mr. Çalık founded Çalık Holding in 1997 to unite all of them under a single banner. Today, the Holding conducts business operations with more than 15 thousand employees across 21 countries, in seven main areas. Çalık Holding is the first Turkish company to become a member of the Japanese Business Federation Keidanren.

Focusing on projects that benefit society through his visionary investments, Ahmet Çalık is known for his integrity, reliability, strong financial assets and long-term collaborations with international companies throughout his activities in diverse regions of the world.

Fields of Operation

- Energy
- Construction
- Mining
- Textile
- Telecommunications
- Finance
- Digital

Significant Investments

- Ortadoğu Tekstil, 1981
- Çalık Denim, 1987
- Gap Pazarlama, 1994
- Gap İnşaat, 1996
- Çalık Holding, 1997
- Çalık Enerji, 1998
- Aktif Bank, 1999
- TTK, Turkmenistan Textile Investment, 2000
- E-Kent, 2002
- Bursagaz, 2004
- BKT, 2006
- Kayserigaz, 2007
- ALBtelecom, 2007
- Lidya Madencilik, 2010
- Yeşilırmak Elektrik Dağıtım (YEDAŞ), 2010
- Çalık Gayrimenkul, 2010
- Kosovo Electricity Distribution Company (KEDS), 2013
- Aras Elektrik Dağıtım (Aras EDAŞ), 2013
- Çalık Petrol, 2017
- Çalık Digital, 2017
- BKT Kosovo, 2017

Awards and Honors

- Order of State of Turkmenistan, 1997
- Mahdum Guli Award, 1997
- Entrepreneur of the Year Award, Para Magazine, 1997
- Best Industrial Enterprise of the Year, GESIAD, 1997
- İpek Yolu Foundation Service Award, 1998
- Turkmenistan “Gayrat” Medal, 1999
- Order of Merit of the Turkish Republic, 1999
- Turkmenistan Golden Century Medal, 2001
- Order of Merit of the Ministry of Foreign Affairs of the Turkish Republic, 2002
- National Productivity Center Businessman of the Year Award, 2004
- Faculty of Business Administration, Istanbul University, Dünya Newspaper National Business Manager of the Year, 2005
- Order of Merit of Turkish Grand National Assembly, 2006
- Dünya Newspaper National Business Manager of the Year, 2006
- Turgut Özal Economy Award, 2008
- Turkey in Europe-Franco Nobili, 2010
- Turkish Red Crescent, Gold Medal Certificate, 2012
- Matsumoto Dental University, Japan, Honorary Ph.D. Title, 2014
- USA Ellis Island Medal of Honor, 2014
- Albania Tiran University, Honorary Ph.D. Title, 2014
- Turkmenistan “Garaşsyz, Baky, Bitarap Turkmenistan” Medal Certificate, 2015
- Japan Kindai University, Honorary Ph.D. Title, 2016
- Order of State of Japan (Order of the Rising Sun, Gold Rays with Neck Ribbon) - 2019
- Malatya Turgut Özal University, Honorary Ph.D. Title, 2020

Social Responsibility Projects

- Malatya Educational Foundation
- Mahmut Çalık Education Complex
- Malatya Hasan Çalık Hospital
- Ankara Oncology Hospital
- Significant social aid projects in Van, Pakistan and Somali
- “İftarımızı Anadolu’da Açıyoruz” Activity
- Restoration of Atatürk Köşkü, Yalova
- “İlk İşim Girişim” Competition, 2014-2019
- Renovations at the Geomatics Department, Faculty of Civil Engineering at Istanbul Technical University
- Renovation of the Precious Metals Laboratory at ITU Mining Faculty
- Boğaziçi University Faculty of Engineering - Hydraulic Laboratory Renovation
- Malatya Textiles Museum

Missions at the State Level

- Bursa Honorary Consulate of Republic of Kazakhstan, 2012

Personal

- 1958, Malatya
- Married with four children

BUSINESS APPROACH OF THE BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS



MEHMET ERTUĞRUL GÜRLER
Vice Chairman of the Board

Mehmet Ertuğrul Gürler was born in 1958. He graduated from Marmara University, Department of Business Administration. In his professional career spanning 38 years, Mr. Gürler served as Deputy Refinery Manager at BP Overseas Refining Company Ltd. from 1983 to 1987. From 1987 to 1994, he worked at different posts at Dow Türkiye A.Ş. and acted as the Financial Affairs Manager and Board of Directors Member. Gürler assumed the position of Assistant General Manager at Total Oil Türkiye A.Ş. between 1994 and 1998 and joined Çalık Holding A.Ş. in 1998 as the General Manager. Mehmet Ertuğrul Gürler still acts as the Deputy Chairman of the Board of Directors at Çalık Holding, Banka Kombetare Tregtare, ALBtelecom, Çalık Denim, Başak Yönetim Sistemleri, Cetel Telekom, Çalık Finansal Hizmetler, Çalık Hava Taşımacılık, Irmak Yönetim Sistemleri, Kentsel Dönüşüm İnşaat, Malatya Boya and Aras Elektrik Dağıtım. Acting as a Board Member at Aktif Bank, Gap İnşaat, Gap Pazarlama, Çalık Emlak ve Gayrimenkul, Çalık İnşaat and Doğu Akdeniz Petro Kimya, he is the Chairman of the Board at YEDAŞ.



AHMET YILDIRIM
Board Member, President of the Financial Affairs and Strategic Planning Group (CSO)

Graduating from Istanbul University, English Department of Economics in 1991 and completing the Harvard Business School General Management Program in 2012, Ahmet Yıldırım acts as the President of the Financial Affairs And Strategic Planning Group and Holding Board Member, responsible for finance, strategic planning, merger and purchasing, tax planning and investors relations since September 2014. Mr. Yıldırım has 24 years of experience in corporate banking, investment and treasury banking. Before joining Çalık Holding in 2014, he has served as CEO and Board Member at Yapı Kredi Bank Germany for five years.



HAKKI AKİL
Board Member and Chief Advisor to the Chairman

Hakkı Akil was born in 1953 in Kargı. He graduated from Galatasaray High School in 1972 and the University of Bordeaux, Department of Economics in 1977. Between 1987 and 1989, he studied at École Nationale d'Administration in Paris and presented his graduate thesis on the "Iran-Iraq War and Global Oil Supply." Mr. Akil served as a diplomat at the Turkish Ministry of Foreign Affairs from 1979 to 2016. He was Deputy Undersecretary and Prime Minister's Sherpa for the G-20 between 2009 and 2011. Mr. Akil served as Ambassador in Ashgabat, Abu Dhabi, Rome and Paris, respectively. Since 2016, Mr. Akil has been serving as the Chief Advisor to the Chairman at Çalık Holding. He was assigned as a Board Member as of 2019. He is married with one daughter.



MEHMET GÖÇMEN
Board Member

After graduating from Galatasaray High School and Middle East Technical University Industrial Engineering Department, Mehmet Göçmen completed his master's degree in the Department of Industrial Engineering at Syracuse University in 1983 and held various positions in Çelik Halat ve Tel Sanayi A.Ş. between 1983 and 1995 and in Lafarge Turkey between 1996 and 2003. Working as a General Manager in Akçansa Çimento Sanayi ve Ticaret A.Ş. between 2003 and 2008, Mehmet Göçmen was assigned as the Group Director of Human Resources at Sabancı Holding in 2008 and continued his duty as the Group Director of Sabancı Holding Çimento between 2009 and 2014. After being assigned as the Energy Group Director in 2014, Mr. Göçmen served as the CEO and Board Member of Sabancı Holding between 2017 and 2019. Mehmet Göçmen has been serving as a Board Member at Çalık Holding as of 2020.

BUSINESS APPROACH OF THE BOARD OF DIRECTORS

BOARD OF DIRECTORS COMMITTEES

Audit Committee

The Audit Committee consists of at least two members elected by the Board of Directors of the Holding/Company. The Holding/Company's Chief Executive Officer/General Manager, Deputy General Manager or those who perform direct executive functions with similar positions do not serve at the Audit Committee.

The Audit Committee, in summary, supervises the accounting system, the disclosure of financial information to the public if required as per relevant legislation, independent auditing, and the operation and effectiveness of the internal control and internal audit system of the Holding/Company. In addition, the Audit Committee reviews and evaluates the results of the internal audit study. It monitors whether the warnings and recommendations included in the audit reports are implemented and informs the Board about all these issues.

Meetings of the Board of Directors and committees held in 2020

The Board of Directors convened 4 times in 2020, providing the necessary quorum of decision.

The Audit Committee convened 5 times in 2020.

The Board of Directors convened 4 times in 2019, providing the necessary quorum of decision.

The Audit Committee convened 5 times in 2019.

DETERMINATION OF THE BOARD OF DIRECTORS MEMBERS

Criteria for the selection of Board members at Çalık Holding are:

- Having senior management experience,
- Having the ability and experience of multidimensional thinking that will contribute to the Company's strategy,
- Being able to evaluate financial issues,
- Being compatible with corporate values,
- Being able to participate in and allocate time for the work of the Board,
- Having functional expertise (Audit, Law, Human Resources, Sales, Marketing, Information Technologies, etc.).

The members of the Board are elected for three-year terms. The members can be elected for two consecutive periods. However, taking into account the Company's interests, cyclical situation, economic grounds, etc., this duration may be extended in cases requiring the continuation of membership of the Board.



Ethical values providing trust, transparency and reputation

Çalık Holding pays attention to support social and economic development in all its operating regions, protect the environment, conduct business safely, satisfy its customers, and approach all stakeholders with the principle of fairness.

ETHICAL VALUES

Çalık Holding's business approaches are guided by the Holding's Code of Ethics. Çalık Holding aims to add value to all its stakeholders in all geographies where it operates. With this in mind, it pays attention to support social and economic development in all its operating regions, protect the environment, conduct business safely, satisfy its customers, and approach all stakeholders with the principle of fairness.

Çalık Holding ensures that the Group's activities are carried out in accordance with the perspectives of the Group's values of fairness, human centricity, reputation, working from the heart, innovation, agility, and sustainability. Compliance with legislation and anti-corruption are among the main priorities in all operating geographies.

Since September 8, 2020, Çalık Holding is a corporate member of the Ethics and Reputation Association (TEID), which has been operating in the field of business ethics.

Responsibility to the Laws

Employees act in compliance with the laws and legislations of countries they operate in while performing their duties. Documents, information and records are kept regularly, completely and securely. All information to be disclosed by the Company to the public and submitted to authorities is shared in accordance with the applicable standards and in a transparent way.



Çalık Holding ensures that the Group's activities are carried out in accordance with the perspectives of the Group's values of fairness, human centricity, reputation, working from the heart, innovation, agility, and sustainability.

Responsibility to Employees

The company demonstrates an honest and fair approach towards its employees and provides a safe and healthy working environment. Within this approach, discrimination in our Company against employees based on their language, race, skin color, gender, political view, belief, religion, observance, age, physical disability or other similar characteristics is not allowed, in order to create and maintain a fair and safe working environment. Attention is paid to provide equal opportunities for equal individuals. Violating privacy of our employees in the workplace or any other place they are in for business purposes through physical, sexual or emotional harassment is not allowed.

Responsibility to the Public and Humanity

The company and its employees attach importance to the protection of human rights and the environment, educational and charitable work, the elimination of crime and corruption. The Company acts sensibly and responsibly in social issues. It is essential to mind the traditions and cultures of the countries we operate in, adjust to the social structure and avoid any behavior that may have a negative impact on the social sphere.



It is essential that corporate donations and social aids are granted to the projects, organizations or institutions that are in line with the ethical principles and corporate reputation.

Employees are encouraged to participate in social activities such as environmental, healthcare, educational and sports activities. Employees are accepted to participate in individual voluntary activities with their own resources, outside the workplace and in a way that does not affect job performance.

Responsibility to the Environment

Çalık Holding acts in accordance with the environmental legislation of each country in which it operates. The Group pays attention to protect and prevent damage to the environment while carrying out its activities.

Responsibility to the Stakeholders

The Company's employees avoid taking unmanageable risks and act in a way that ensures sustainable profitability, in line with the Company's goals of sustainability and value generation for shareholders.

It is expected that the company's employees behave within the principles of transparency, accountability and honesty and use the company's resources efficiently and effectively.

It is essential that the company's employees inform the public and shareholders correctly.



Çalık Holding acts in accordance with the environmental legislation of each country in which it operates. The Group pays attention to protect and prevent damage to the environment while carrying out its activities.

Responsibility to the Customers

The aim is to respond to the needs and demands of customers quickly and accurately, focusing on customer satisfaction. Customers are approached with respect, decency, fairness and equality, by following courtesy rules. The priority is to produce value for customers, increase customer satisfaction and establish a long-term environment of trust in relations with customers. Employees are expected to be sensitive about these issues and to show the necessary care.

Responsibility to the Suppliers

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

Responsibility to the Competitors

The Company adheres to fair competition rules of all countries in which it operates, as well as supporting laws and regulations. Competition with competitors is carried out only in legal and ethical fields, and unfair competition is avoided.

All employees in the company are obliged to comply with the laws and regulations in the field of competition.

ETHICAL VALUES

Information is shared with external stakeholders in an open and transparent way. Any financial or sectoral information requests about Çalık Holding from external stakeholders must be answered by authorized employees under coordination of the Corporate Communications Department.

Protection of Trade Secrets

The Company's employees are obliged to protect confidential information, information that has not yet been disclosed, personal rights and information of employees within the framework of "confidentiality agreements" signed with third parties, as well as intellectual property rights of the Company. The Company's employees pay attention to the protection of confidential information, including those belonging to suppliers, customers and stakeholders. In cases where it is legally mandatory and at the request of the state, they can share information with authorized persons upon the approval of the Company's Senior Management.

All policies related to the secure management, distribution, transportation, storage or destruction of confidential information were established and shared with all employees. Employees were informed about the Personal Data Protection Law and the Çalık Group's Policy on the Protection and Processing of Personal Data.

Communication

Information is shared with external stakeholders in an open and transparent way. Any financial or sectoral information requests from external stakeholders must be answered by authorized employees under coordination of the Corporate



Çalık Holding employees are expected to avoid all kinds of activities that may cause a conflict of interest.

Communications Department. Making a statement to any broadcasting organization, conducting an interview, participating as a speaker in seminars, conferences, etc., is subject to the approval of the Company's senior managers.

Except for official declarations, unconfirmed information is not shared on social media, copyrights are respected, content and photos that may cause conflicts and uncertainties or violate privacy are not shared on social media.

Conflicts of Interest

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

Employees are expected to avoid all kinds of activities that may cause a conflict of interest. Company name or reputation are not allowed to be used for gaining personal benefit. Employees, within the scope of their jobs, are prohibited from entering into any mutual or gratuitous business relations that may provide benefit to their family members, relatives or other third parties they have relations with. This must also be considered when deciding on the suppliers to work with.



It is strictly forbidden for employees to obtain or cause others to obtain any commercial benefits, including the purchase and sale of shares from domestic and foreign stock exchanges by leaking any information belonging to the Company.

Employees may not become members of the board or auditors of any company other than the Group companies unless the Board of the Company employing the employees gives permission to do so. They may not have a second job outside the company. Working as an arbitrator, intermediary or expert as authorized by judicial or administrative bodies or working as a lecturer at universities are not subject to this restriction.

Employees may not use and allow the use of the Company's assets for their personal interests or for the benefit of third parties. Employees may not use the Company assets or information that they acquired through their titles and positions unethically, illegally or in bad faith. Employees do not devote time to their private affairs during working hours and cannot be assigned to private affairs by managers.

Anti-Corruption

Çalık Holding and Group companies are against bribery and all kinds of corruption. All employees and all third parties acting on behalf of Çalık Holding and its Group companies are obliged to comply with the anti-corruption rules and the legal requirements of the countries in which they do business, including the Republic of Turkey.

Use of the Assets

Employees take maximum care not to abuse the Company's resources and to protect the Company's name and reputation. An employee obtaining ill-gotten gains by using or seizing Company resources and assets intentionally and inappropriately is considered to be within the scope of misconduct and corruption.

Accepting or Offering Gifts

Employees are prohibited to accept any gifts, income, aid, entertainment, special discount or commissions for their self-interest that may affect their impartiality, decisions or behaviors. Non-cash offers such as free holidays, discount vouchers, gift vouchers from customers and suppliers should also not be received as they are considered gifts. However, in the events where it is considered that the rejection of gift

offers from customers and suppliers is not in accordance with commercial traditions and customs, the cost of the gift received cannot exceed the limits specified in the relevant ethical regulation. If the gift exceeds this limit or is estimated to exceed as its value is not known, the relevant manager and the Company's Compliance Officer are informed and the gift is delivered to the Human Resources Department for registration as Company's fixture. Awards, plaques and similar gifts with a symbolic value other than cash can be received as a memento for participating at seminars and similar organizations as representatives of the Company. Similarly, suppliers and customers of the Company, and people who participate in organizations organized within the Company as speakers and instructors can be given gifts having symbolic value and provided from the Corporate Communication Department of the Company.

Employees are required not to accept cash or borrow money, regardless of its amount, from suppliers, rivals or customers and not to have their travel expenses, event expenses, and similar payments covered.

ETHICAL DECISION-MAKING CYCLE

It is recommended that employees follow the following stages to make ethical decisions when performing their duties:

1. Understanding of the event, decision or issue:

- Has anything been asked to be done that is considered possible to be wrong?
- Do you know of any illegal and immoral behavior, attitude of any employee?
- Do you know the relationship of the Code of Business Ethics with the decision/action you will take?

2. Deciding on the business steps to follow:

- Reviewing all relevant events and information,
- Planning the most accurate business steps,
- Consulting with interested parties.

3. Evaluation of decisions:

- Listing of questions that need to be considered,
- Checking the compliance of the decision with Company's values.

In order not to violate the Codes of Business Ethics in their decisions and actions, employees are required to ask themselves the following questions:

- Does my decision seem right to me?
- Is my decision compatible with the Codes of Business Ethics?
- Is there a legal obstacle?
- Could it have negative reflections on myself or the Group?
- Who else can the decision and action affect?
- Is there an alternative decision or action that will not conflict with the Codes of Business Ethics?

ETHICS LINE

Ethics Line is the entire practice established for employees to report any claims of violation they encounter by using notification channels or to inform the Notification Officer by contacting Holding/Company Senior Management, other affiliated managers, Holding/Company Code of Ethics Advisor, Çalık Holding Chairman of the Ethics Committee or the Notification Official directly, through communication channels created within the scope of Codes of Business Ethics and Implementation

Principles Regulation and for the storage and execution of such claims of violation. All employees are able to communicate their concerns to the Ethics Line easily and anonymously.

The complaints of the notifying person do not harm their rights arising from labor law and the person is not subjected to any criminal penalties for the notification made. The person who made the notification will be protected against retaliation, and necessary

actions will be taken against those involved in the retaliation. All complaints and reports received by the ethical line remain confidential. Identities of reporting parties are never disclosed.

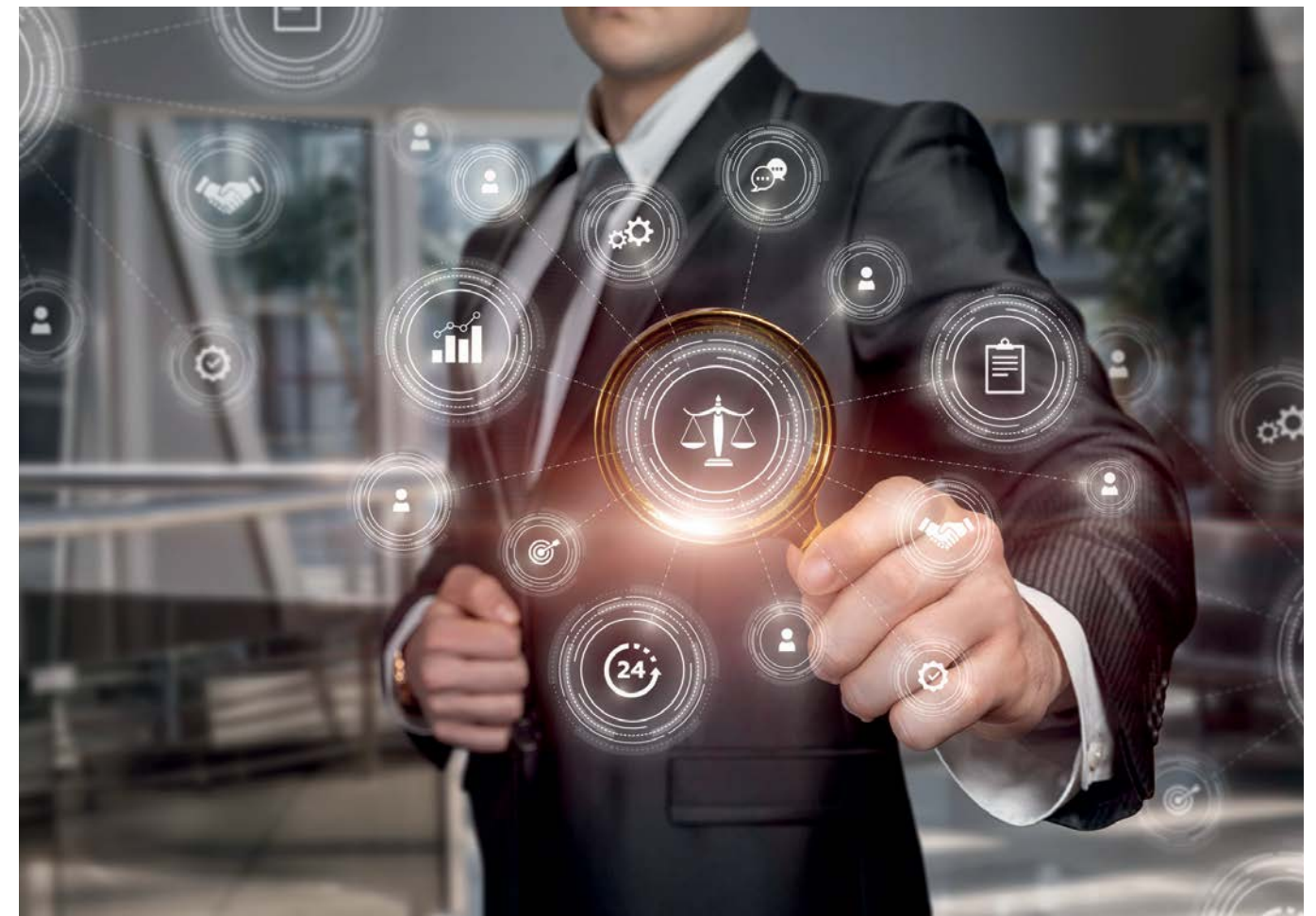
The Ethics Committee investigates the reported case in confidence, determines whether the case violates any corporate rules, values or laws and takes necessary actions.

COMPLIANCE POLICY

Çalık Holding's Compliance Policy brings together the corporate Compliance culture and written standards supported by the senior management and monitored by the Legal Department with the participation of all parties. Compliance Manager responsible for Compliance at Çalık Holding A.Ş. conducts periodic trainings within the Codes of Business

Ethics and Compliance Regulation together with Compliance Officials in companies and performs decision-making, development, execution, monitoring processes in regards to compliance issues. In addition, policies and procedures related to the impact areas of Compliance studies are prepared or the applicable documents are updated. The main goals of the

Compliance Policy are to create policies, procedures and controls that will prevent, detect and manage compliance violations in companies, to provide continuing training support to ensure that employees are aware of what is expected of them, to conduct awareness campaigns, and to create an accurate and effective reporting and documentation system.



ETHICS COMMITTEE

The Ethics Committee consists of three principle and two substitute members from senior managers working under the Chairman of Çalık Holding.

The Ethics Committee consists of three principle and two substitute members from senior managers working under the Chairman of Çalık Holding.

The Ethics Committee was established:

- To resolve conflicts of interest,
- To evaluate the notifications reported about the violation of the Code of Ethics,
- To advise the management of the group companies on the ways, methods and practices to be followed in case of violations of ethical rules.

The Ethics Committee conducts work within the framework of the following principles:

- Notifications and complaints, as well as the identities of notifying or complaining people are kept confidential.
- Everyone who notifies the Ethics Committee is under the protection of the Ethics Committee, and they cannot be exposed to behaviors such as pressure, discrimination, psychological harassment (mobbing) due to these notifications.
- The Ethics Committee conducts the investigation within the confidentiality rules as much as possible.
- All kinds of information and documents obtained are being examined limited only to the subject of the investigation.
- The examination and investigation process is recorded from beginning to end.

- Examinations and investigations are carried out urgently and the result is reached as quickly as possible.
- The Ethics Committee Decision is notified to the relevant departments and authorities.
- The decisions taken by the Committee are being implemented immediately.
- Members of the Committee are not to be pressured and indoctrinated about the issues of the examination and the investigation.
- If the Committee deems it necessary, it can opt for expert opinion and use experts by taking measures that will not violate the principles of confidentiality during the investigation.

Long-term success with effective risk management

Being an asset company that manages its subsidiaries, Çalık Holding has achieved long-term success by carefully managing its risks to date.

RISK MANAGEMENT

Çalık Holding is an asset company that manages its subsidiaries. Çalık Holding has achieved long-term success by carefully managing its risks to date. Risk Management activities of Çalık Holding are carried out by the Senior Management team of the organization under the supervision and inspection of the Board of Directors.

Çalık Holding Audit Group conducts audits on how risk management approaches and processes are carried out both by the Holding and by the Group companies. The Audit Group works directly under the Board of Directors.

The Group's risks are classified as follows:

Financial risks: active passive risks, credibility, capital/debt relations, exchange rate risks and other risk factors that may impact the financial condition of the Company.

Operational risks: risk factors that may impact the effectiveness, efficiency, profitability, reputation, business continuity of operations in line with the Company's goals.



Risks are reviewed regularly and risk management plans are prepared according to the results of the studies made. The effectiveness of risk management processes is regularly audited by the Holding's Audit Department and reports are presented to the Holding's Board of Directors.

Strategic risks: risk factors which arise from the country, geography and competitive environment where the Company is located, and which may impact the Company's existence and sustainable growth.

Extraordinary situations and disasters: risk factors that can negatively impact the continuity of business, such as fires, earthquakes, floods.

These risks are evaluated from a portfolio perspective at the Holding level. Risk management approaches to these issues are developed by the Holding's Senior Management.

The risk management activities of the Group companies are carried out by the companies' Boards of Directors, the Holding's Senior Management members responsible for the sector and the Company's Risk Management Team.

Risks are reviewed regularly and risk management plans are prepared according to the results of the studies made. The effectiveness of risk management processes is regularly audited by the Holding's Audit Department and reports are presented to the Holding's Board of Directors.

Innovative and solution-oriented human resources

Çalık Group aims to incorporate a workforce that is highly-skilled, solutions-oriented, innovative, and capable of using value-added, advanced technologies effectively.

HUMAN RESOURCES

The main purpose of the Human Resources Policy of Çalık Holding is to achieve maximum success and to ensure sustainability in the sectors in which it operates by investing in a human resource that is loyal to the Company, that prioritizes corporate and ethical values and improves its personal and occupational competencies.

Great importance is placed on human resources, which play a central role in achieving corporate success. The Group aims to incorporate a workforce that is highly-skilled, solution-oriented, innovative, and capable of using value-added, advanced technologies effectively. To this end, the Holding supports the professional development of Group personnel while working to ensure their motivation and job satisfaction.

The Holding's Human Resources policy is based on the training of the talent within the Group and career management be handled in this direction. In this regard, "New Graduate Programs" designed under the Holding and the Group companies are implemented at certain periods in line with the needs.



In-house activities that cement a sense of unity among employees, foster corporate loyalty, build team spirit and promote the exchange of thoughts and feelings are supported by Çalık Holding.

In-house activities that cement a sense of unity among employees, foster corporate loyalty, build team spirit and promote the exchange of thoughts and feelings are supported by Çalık Holding. Efforts to adopt the corporate culture and strengthen employee loyalty are managed by the Human Resources Department.

The Human Resources Department works in cooperation with all departments in order for the Group to achieve its goals, and monitors the practices by creating common Human Resources policies, processes and application rules to be implemented in Holding and Group companies.

In parallel with the Group's constantly growing and expanding organizational structure, global human resources management processes and technologies are put in place. Up-to-date organization-related modifications are made to meet evolving corporate needs efficiently and effectively. Çalık Holding has created the necessary systems to selection and development of qualified manpower who will carry the Group forward into the future, and these are reviewed and improved based on needs every year.



RECRUITMENT

Within the scope of its human resources strategic management approach, Çalık Holding aims to provide a competitive advantage in the current market, achieve a sustainable success, become the preferred organization and incorporate the most suitable talents to the business with its corporate culture.

General rules and policies on recruitment are prepared by the Holding's Human Resources department. The Group companies act in accordance with the established rules and policies. The Human Resources Departments of companies create selection and placement strategies specific to their sectors, ensure compliance with these strategies, and identify selection and placement tools.

The recruitment process begins with the communication of the department manager in need for human resources his/her expectations in terms of competence, talent, training and expertise to the relevant human resources department. The human resources department conducts the candidate search in relation to the request by evaluating the organization, the group and external candidates. Interviews are made with candidates who are deemed to meet the conditions. Department managers who make requests are also present at interviews.



At Çalık Holding and Group companies, an orientation program is being implemented in order to accelerate the adaptation process of newly recruited employees to the Company culture, working environment, processes and practices, and to ensure that their contribution to the Company is realized at the highest level and that loyalty is formed.

Recruitments and appointments for director and above positions within the Group companies are carried out by the Holding's Human Resources in coordination with the general manager of the relevant company and the human resources department.

Every candidate in the selection and placement process is provided with an equal and fair opportunity regardless of religion, language, race, gender, age, education, place of birth, health or physical condition. Evaluation processes that form the basis for this are implemented. In case of detection of violation of this article in the audits carried out by Çalık Holding Audit Group, the necessary interventions are made.

Recruitment processes are carried out transparently for internal and external candidates.

At Çalık Holding and Group companies, an orientation program is being implemented in order to accelerate the adaptation process of newly recruited employees to the Company culture, working environment, processes and practices, and to ensure that their contribution to the Company is realized at the highest level and that loyalty is formed.

HUMAN RESOURCES

Occupational health and safety includes practices for keeping employees away from accidents and dangers; development, dissemination and implementation of protective and preventive activities necessary for the safe and healthy continuation of processes without any interruptions in accordance with the laws.

As part of the orientation process for the newly recruited manager and lower positioned employees, a department employee is appointed as a “Çalık Guide” to support the newly recruited employee for a period of 2 (two) months. The guide is a colleague, who supports the newly recruited employee socialize within the Company and get used to the organization.

As part of the orientation program, visits to different departments are carried out and compulsory trainings are organized.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety includes practices for keeping employees away from accidents and dangers; development, dissemination and implementation of protective and preventive activities necessary for the safe and healthy continuation of processes without any interruptions in accordance with the laws.

There is a committee established to monitor issues related to occupational health and safety, which makes plans, carries out studies and audits measures. The committee includes representatives of employees and employers, an occupational safety specialist, a workplace physician, and a representative of human resources group.



There is a committee established to monitor issues related to occupational health and safety, which makes plans, carries out studies and audits measures. The committee includes representatives of employees and employers, an occupational safety specialist, a workplace physician, and a representative of human resources group.

The committee creates the occupational health and safety policies and rules of the Company and ensures that all employees are informed. It makes training plans on occupational health and safety issues for employees. Risk assessment studies are carried out under the coordination of this committee.

OHS trainings to be given to employees at the workplace are provided by a Workplace Physician and Occupational Health and Safety Specialist assigned at the workplace within the scope of the “Regulation on the Procedures and Principles of Occupational Health and Safety Trainings of Employees.”

Training plans are organized every 3 years. Trainings to be given to employees are repeated no later than every 3 years. Trainings are planned to be at least 8 hours. It is essential that the knowledge, skills, behaviors and attitudes that each employee in the workplace should have in order to perform their duties in the best possible way are set forth separately and in a measurable way. Those who were away from work for more than 6 months for any reason are given information renewal trainings before re-engagement. Trainings are carried out under three headings: general topics covering labor legislation and workplace layout, health issues, technical issues related to occupational health.



The committee regularly audits measures and practices through an occupational safety specialist and monitors them by ensuring that measures are taken to improve the identified development issues.

The goal is to have zero work accidents.

PERFORMANCE AND CAREER MANAGEMENT

Çalık Holding sees the performance management as a mechanism that allows the implementation of a vision and strategy that ensures sustainable alignment of individual goals and performances with the Company’s strategy. Furthermore, the basic and managerial competencies appropriate for the Çalık DNA are evaluated by both employees and managers.

The performance management system from this perspective creates a bridge between the Company’s strategy and its employees and culture, and increases success in managing and directing the performance of individuals, the effectiveness of the organization, employee productivity and achieving business goals.

When determining personal goals, critical success factors that were created in accordance with the Holding’s corporate strategies, corporate goals and annual budget plans are determined in 4 sub-dimensions (finance, customers, processes, learning and development goals).



Çalık Holding sees the performance management as a mechanism that allows the implementation of a vision and strategy that ensures sustainable alignment of individual goals and performances with the Company’s strategy.

The relevant manager and employee conduct their interviews one-on-one and face-to-face during the target setting, interim evaluation and performance evaluation periods. It is expected that the relevant manager will regularly provide feedback on employee performance without waiting for evaluation periods. In this way, the personal development of employees is more effectively ensured by the development and sustainability of the performance.

The goal setting interview takes place between the relevant manager and the employee. The goals that are planned to be included in the goals card are evaluated in detail in the goal setting interview. When the performance evaluation period arrives, the data required to be collected throughout the year are evaluated together in order to determine whether these goals are measurable, what measurement criteria will be used, what will be the weight of each goal compared to other goals, and the level of target realization. It is important that each issue on the goals card is clearly understood, and that no subjective element is left out.

The employee and the relevant manager come together to evaluate the semi-annual target realization situations and prepare the necessary action plans.

HUMAN RESOURCES

Çalık Holding carries out development activities in order to increase the performance of employees, develop the necessary knowledge, skills and competencies to achieve the Company's goals, and create common values among employees.

The duration starting with December each year and is required to be completed with the end of February in the coming year, is the period when the goal and/or criterion-based performance is evaluated and the realized performance is determined by the employee and the relevant manager. The relevant manager evaluates the employee's goals card and goal realizations. In the interview, the relevant manager gives the employee feedback on the work results that he/she performed throughout the year. After this feedback, the parties tell their ideas and negotiate on the results, and an agreement is reached. At the meeting, it is also discussed whether the current expectations of the employee were met and what future expectations he/she has.

Performance evaluation results play a decisive role in development management.

DEVELOPMENT OF EMPLOYEES

Çalık Holding carries out development activities in order to increase the performance of employees, develop the necessary knowledge, skills and competencies to achieve the Company's goals, and create common values among employees.



As a result of the employee's annual performance evaluation, the areas of development are determined by mutual agreement, taking into account the level of attainment of business goals.

In addition to these training programs, special development programs are being created to support the development of high-potential employees. Occupational health and safety rules are located on the Company's intranet portal.

Some of the trainings are carried out by the Company's employees. In this way, both the Company's employees have the opportunity to share their knowledge with other employees, and enable them to understand the value that the institution places on successful knowledgeable personnel.

As a result of the employee's annual performance evaluation, the areas of development are determined by mutual agreement, taking into account the level of attainment of business goals. Short, medium and long-term development plans for the employee's development needs are prepared by the employee, the department manager and the Human Resources Department. Training activities are planned on a long-term basis in line with the career management strategies of the employees. Employees who advance their professional knowledge, skills, and improve their competencies are guided to positions of with higher responsibilities.



The Human Resources Department plans and organizes training programs to improve employees' corporate skills and professional competencies. The Holding's Human Resources Department assumes the coordination and management roles in designing and implementing shared programs.

WAGE MANAGEMENT

The company's strategies, the wages and performance criteria prescribed for the same level in the market constitute the main parameters of the compensation policy. The Group's compensation policy is shaped according to the scope and scale of the business, competitive conditions in the market, and budget criteria. While a remuneration system in which the contribution of individuals in achieving corporate goals is prioritized in line with the person's responsibility level, there are also fringe benefits made available and categorized according to title levels. The remuneration and fringe benefit activities to Group companies are kept up-to-date with their wage structures, market position and regular industrial researches.



Human Resources teams of Çalık Holding and Group companies convene every month under the coordination of the Holding Human Resources Directorate to discuss sector-specific strategies, listen to needs and reach solutions through joint decisions.

DIVERSITY AND EQUAL OPPORTUNITY

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

MONTHLY MEETINGS OF THE HUMAN RESOURCES GROUP

Human Resources teams of Çalık Holding and Group companies convene every month under the coordination of the Holding Human Resources Directorate to discuss sector-specific strategies, listen to needs and reach solutions through joint decisions.

New products and ideas with entrepreneurship culture

Çalık Holding and Group companies adopts an understanding based on value generation for societies, regions and people in their operating geographies by evaluating it as part of their business, and carries out works on the issues of innovation, entrepreneurship, education, environment, art, sports, the development of social solidarity, which are important elements of social development.

WE SUPPORT SPREAD OF INNOVATION AND ENTREPRENEURSHIP

Çalık Holding is aware that innovation and entrepreneurship are very important for the development of countries. It believes that the spread of this culture will contribute to the development of countries, the creation of new job opportunities, and the improvement of the quality of life.

Activities in 2019

Çalık Holding in collaboration with Yıldız Technical University, one of the highest-ranked universities in Turkey, an innovation competition titled “My First Job Entrepreneurship” was organized for the fifth time. The purpose of the competition is to spread a culture of innovation among university students and to encourage the development of new products and ideas.

ALBtelecom searching for innovative ideas to reward the theories and visions of talented young people with entrepreneurial skills and innovative spirit, has launched the “SuperGeneration” Project.



Çalık Holding in collaboration with Yıldız Technical University, one of the highest-ranked universities in Turkey, an innovation competition titled “My First Job Entrepreneurship” was organized for the fifth time.

ALBtelecom supported the “Friendly Wi-Fi” initiative in collaboration with the Municipality of Tirana and UNICEF. ALBtelecom offered Wi-Fi coverage at Tirana’s largest park for usage during walks by the artificial lake. Following this project, ALBtelecom implemented the second “Friendly Wi-Fi” project in Skanderbeg square.

For the second year in a row, ALBtelecom supported the organization of the Blockchain Society Meeting.

Çalık Digital organized seminars in more than five organized industrial zones together with the İstanbul Chamber of Industry within the direction of its mission “creating digital transformation awareness.” During these seminars attended by many companies from the industry, the participants were informed about what is digital transformation, at what level we are as a country in digital transformation and what kind of a road map should be followed.



Activities in 2020

ALBtelecom supported IDEA Challenge, the biggest start-up competition in Albania, for two years and donated a smartphone and a 1-year internet connection to three finalists.

BKT Albania donated IT materials to the Rrogozhina Region Directorate of National Education, Liqenas Municipality and IEVP Peqin in order to support technological innovation. The Company also supported the NAECCS (National Authority for Electronic Certification and Cyber Security) event, which was held with the aim of upgrading cyberspace measures in critical and important infrastructures.

Çalık Digital together with the İstanbul Chamber of Industry organized 12 different seminars throughout the year, 573 industrialists participated and were informed about what digital transformation is and what kind of a road map should be followed.

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Quality of life increasing with education

Çalık Group is aware that the level of well-being and quality of life increase with the increase in the educational level of societies. Therefore, it supports the educational activities of societies in all geographies in which it operates to the extent of its capabilities.

WE HELP DEVELOP EDUCATIONAL CULTURE

Activities in 2019

Çalık Holding conducts renovation projects at universities to create contemporary learning environments for students. Accordingly, the Holding renovated the Hydraulic Laboratory at Boğaziçi University Department of Civil Engineering, the Precious Metals Laboratory at ITU Mining Faculty and the Seminar Room of the Geomatics Department at ITU Civil Engineering Faculty, and special display units were created for ancient measurement tools of the department.

Çalık Enerji has made classroom arrangements for the use of kindergarten students in the Tedzani Region of Malawi, where it undertakes the Tedzani-4 Hydroelectric Power Plant project.

YEDAŞ got together with Engineering Faculty students in “O Mühendis” career days held by 19 Mayıs University to provide information on the electric distribution sector to students.

YEDAŞ has provided trainings to primary school students within the scope of “Energy Saving Week” in order to raise awareness on energy conservation.



Çalık Holding, which carries out renovation projects at universities with the aim of providing education to students in a modern environment, renovated the Precious Metals Laboratory at ITU Mining Faculty and the Seminar Room at the Geomatics Department of the ITU Civil Engineering Faculty and created special display units for ancient measurement tools at the department.

YEPAŞ supported the pre-school education students of Arakonak Elementary School located in Bulanık/ Muş and completed the repair works for the Alaçam Kızılan Elementary School in Samsun.

Kosovo Electricity Distribution Company (KEDS) organizes, manages and funds KEDS Academy project with the support of the Public University of Pristina, Ministry of Education, Science and Technology and Istanbul Boğaziçi University to provide qualified employees to the energy sector, 50 students had the chance to participate in academic programs as in the previous years. Within the scope of the program, the students received theoretical education given by KEDS experts and Boğaziçi University professors, had an internship at the Company and had the chance to be recruited.

Within the scope of the “lessons on electricity efficiency” project, more than 500 elementary school students nationwide received insight on electricity efficiency with the lectures held in the Headquarters with the collaboration of KEDS Academy students and KEDS employees.

KEDS made a book donation to Termokiss Cultural Center and Venture UP Entrepreneurship Center.



ALBtelecom supported the “Young Programmers Space” competition on an online accessible platform where program writing is available in different programming languages.

Aras EDAŞ provided stationery aid to four schools and 106 primary school students in Erzurum with the mission of conducting social responsibility projects with the principle of social benefit.

Gap Pazarlama, closely following the agenda regarding industry developments, got together with university students in “Career 19” career days organized by Yeditepe University, and made a presentation titled “Expectations of the Textile Sector from Students.” The students participating in the event were allowed to have an internship period at Gap Pazarlama and the application of one student was accepted. Gap Pazarlama sent denim “school bags” to students in 25 schools located in Anatolia as a 25th-anniversary event.

Lidya Madencilik provided education scholarship to university students living in villages located in the Hod Mine Project area in Artvin as well as the students from Hacıömer Village inside the Balıkesir Polimetall Project area.

ALBtelecom supported the “Young Programmers Space” competition on an online accessible platform where program writing is available in different programming languages.

BKT employed 14 students way before their graduation between July-September within the scope of the partnership with the Faculty of Integrated Studies with Practice (FASTIP) at Aleksandër Moisiu University, Durrës ongoing for 12 years.



WE HELP DEVELOP EDUCATIONAL CULTURE

Believing that an important part of social development is to support education, Çalık Group companies take part in various social responsibility projects with the contributions of their employees as well.

BKT supported the Global Money Week event, in which students of all ages throughout Albania participated in many educational competitions regarding finance and money management.

BKT supported the Work & Study Fair organized by the Chamber of Commerce and Industry in partnership with the Municipality of Tirana and Sport & Education Ministry in the context of encouraging employment. BKT supports programs that are focused on the decrease in unemployment in the country to develop these programs.

Hosted by the University of New York Tirana (UNYT), BKT presented its newest projects to university students within the scope of its collaborations with the university while UNYT granted scholarships to 10 of its most successful students and provided paid internships to 20 students.

BKT supported Luigj Gurakuqi University to organize a workshop on "Challenges of Regional Development" to consolidate the relations between the business world and the local public institutions.



Çalık Denim carries out the project of demolishing Sümer High School damaged in the Elazig earthquake in the center of Malatya reconstructing it as Diniye Çalık Anatolian High School.

With the aim to support institutions that provide services to the community, especially in the field of education, BKT funded two institutions to improve their working environments. Thanks to the uninterrupted cooperation with the Directorate of SUOGJ Koço Gliozheni, BKT donated computers to the employees of the institution. Banka Kombëtare Tregtare financially supported the Faculty by updating the student's environment to improve the studying process.

BKT donated furniture to be sent to different public schools and it aimed to improve KEO's social services donating computers and printers for Kamza Education Office (KEO).

BKT offered employment opportunities for different positions in the banking sector as well as internships for students.

Activities in 2020

Çalık Denim carries out the project of demolishing Sümer High School damaged in the Elazig earthquake in the center of Malatya reconstructing it as Diniye Çalık Anatolian High School. The company also continues to contribute to the education by providing stationery aid to all the school children of Company employees at the beginning of each school year.



Çalık Denim supports university students who need economic support and the education of employees' children via Malatya Education Foundation. In this respect, scholarships were given to 266 students among employees' children in 2020. Çalık Denim also provided approximately 800 portions of ready meals per day to 5 different schools for the disabled.

Aktif Bank's Aktif Hearts Club established by its employees restructured 6 schools in order to improve both the equipment and educational conditions of disadvantaged schools mainly in Anatolia.

Aras EDAŞ creates awareness by providing technical information to university students and staff on the energy sector within the scope of the academic collaboration with 8 universities in its region.

BKT Kosovo donated 15 computers to Besim Nrecaj project's primary and secondary school within the scope of education support.



Kosovo Electricity Distribution Company's pioneering social responsibility initiative KEDS Academy which has been attended by approximately 350 students so far, started its 8th term in 2020, and a total of 60 students, 40 of whom were vocational high school students, were trained.

Lidya Madencilik gave educational scholarships to students determined in the provinces of Artvin and Balıkesir and also presented 18 tablets to primary school students in need, who received distance education due to the pandemic, via the Directorate of National Education.

YEPAŞ chose one primary school in each of Samsun, Ordu, Çorum, Amasya and Sinop provinces and presented books to all students as a report card gift. It also covered the one-year electricity bill of Samsun Branch of the Turkish Foundation of Raising and Protecting Mentally Handicapped Children (ZİÇEV), which has 12 branches across Turkey.

ALBtelecom gave "virtual reality" support to schools in Albania and provided aid to the conference "Impact of COVID-19 on the Marketing of Companies" organized by the Tourism Marketing Department of the Faculty of Economics of Tirana University.

Kosovo Electricity Distribution Company's pioneering social responsibility initiative KEDS Academy which has been attend by approximately 350 students so far, started its 8th term in 2020, and a total of 60 students, 40 of whom were vocational high school students, were trained.

A clean environment for a sustainable future

Çalık Holding is aware that the nature is affected by human activities and that the world will face a significant crisis if steps are not taken to protect the environment in this field. While working on protecting the environment and providing environmentally friendly solutions in its own activities, it sees that increasing the social awareness is also important for the total struggle and aims to support raising public awareness.

WE HELP DEVELOP ENVIRONMENTAL PROTECTION AWARENESS

Activities in 2019

YEDAŞ fully supported the “planting the most saplings in 1 hour” record which is registered by Guinness within the scope of the “Breath to the Future” campaign of the Ministry of Agriculture and Forestry.

Inspired from the zero waste project initiated by the Ministry of Environment and Urbanization, YEDAŞ started using glass jugs and cups rather than plastic cups in 2019 and reduced its impact on the environment by providing an average of 1.5 tons of recycling per year.

YEDAŞ employees raised “awareness” by visiting Samsun Metropolitan Municipality Animal Shelter on October 4th Animal Protection Day.

KEDS organized the plantation of 60 seedlings and 800 flowers donated for the gardens of three elementary schools in Ferizaj, Gjilan and Pristina within the scope of the Earth Day Event with the participation of more than 100 KEDS volunteers as well as many students and school members.



1.5
Tons

YEDAŞ's Contribution to Recycling

YEDAŞ fully supported the “planting the most saplings in 1 hour” record which is registered by Guinness within the scope of the “Breath to the Future” campaign of the Ministry of Agriculture and Forestry.

Aras EDAŞ continues its activities to protect the wildlife with the insulations made to energy transmission lines. Building nests for storks in the Karakoyunlu district of Iğdır, the Company selected Ardahan, Kars and Bayburt as pilot regions for this project with the motto “Don't Let Migrant Birds Die.”

In Ardahan province within Aras EDAŞ area, where harsh winter conditions prevail, teams have conducted a feeding event for wild animals that experience difficulty in finding feed.

Gap İnşaat carried out the Turkmenbashi Port Project and utmost care was taken not to damage the bird migration routes and nesting areas located near the port area. In the project which was built according to eco-friendly port standards, the nesting areas located on the birds' migration route were turned into a special bird sanctuary as a sign of respect for nature.

Activities in 2020

Çalık Holding carried out awareness activities within the Company for Electronic Waste Day and supported the “Atma Bağışla (Don't Throw, Donate)” campaign of the

Educational Volunteers Foundation of Turkey (TEGV) by ensuring the collection of electronic waste. With the scrap value obtained from e-waste, financially limited children were helped to receive qualified education support at TEGV.

Aktif Bank participated in the “Breath to the Future” campaign and donated 10 thousand saplings in order to regreen the forests after the fires in Hatay.

Aras EDAŞ coated some parts of the electricity poles with plastic insulators to prevent the electrocution of birdlife, checked and cleaned the nests of storks on the migration routes and carried out activities for wild and stray animals that had difficulty in finding food during the epidemic process. Also, sharing social media posts to raise awareness of the Zero Waste Project among customers, Aras EDAŞ also participated in certification programs on environmental issues and started carbon footprint calculations.

Çalık Denim planted 11,111 saplings on 11th November of 2020 as part of the project initiated by the Republic of Turkey Ministry of Agriculture and Forestry in 2019 aiming to green Turkey with planting a record number of more than 11 million saplings.



Çalık Enerji planted saplings on behalf of its employees in the Izmir Bademli-2 Memorial Forest in 2020, and distributed tree plantation certificates to its employees.

Gap Pazarlama started to support the production of recycled fabrics as a result of its collaboration with Sharabati company. It produced fiber from fabric remains of production in the Egypt factory and included them at a rate of 20% into the production of the fabric Walker at the Sharabati factory, thus contributing to sustainability.

Lidya Madencilik planted 100,000 saplings in the Balıkesir Bigadiç region within 2020, under the protocol signed with the Balıkesir Regional Directorate of Forestry.

YEPAS employees' exemplary application of its produced food and water bowls specially for stray animals, are placed in front of the customer service centers and in certain areas of the city.

KEDS' young female engineers organized a workshop on Energy Conservation and Environmental Impacts for a large audience of Pristina State University students. Encouraging its employees to use bicycles for the environment, KEDS placed bike stands for this purpose.



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Support for social development through art

Art has an important role in the development of societies. Being aware of this importance, Çalık Holding supports art and therefore the development of societies.

WE SUPPORT SPREAD OF ARTISTIC ACTIVITIES THROUGHOUT THE SOCIETY

Activities in 2020

Aktif Bank sponsored the Istanbul Foundation for Culture and Arts (İKSİV), which has been operating since 1973 in order to enrich the cultural-artistic life of our country and to bring art lovers together with contemporary art, for 4 years.

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KEDS, in cooperation with Pristina Municipality and Q'Art, 20 transformer stations were painted with the participation of more than 20 national and international artists in order to transform the stations into urban art objects. The project made a special contribution to the neighborhoods of the capital Pristina, having changed the texture of the city.



Strong societies through social solidarity

The resilience of societies is ensured by a strong culture of solidarity and a sense of trust. Resilient societies are able to cope with difficulties more easily and develop conciliatory solutions to their problems. Being aware of this issue, Çalık Holding provides support to projects that will contribute to the strengthening of societies.

WE SUPPORT DEVELOPMENT OF A SOCIAL SOLIDARITY CULTURE

Activities in 2019

Çalık Holding served iftar meals to more than 60,000 people in Erzincan during the month of Ramadan in 2019 with the “İftarımızı Anadolu’da Açıyoruz” event, which it initiated in 2012.

Within the scope of the 150th-anniversary events of the Turkish Red Crescent, Çalık Holding supported the Hilâl-i Ahmer Collection, which was created to consolidate the trust and the sense of ownership in the society.

Gap İnşaat developed special air cleaning appliances to eliminate coronavirus in its R&D centers and donated 36 air cleaning appliances to 32 hospitals in Istanbul.

Çalık Enerji determined that the most basic and immediate need of the local public living in Tedzani Region of Malawi, where it undertakes the Tedzani-4 Hydroelectric Power Plant project, and implemented the “Water Well Project” funded by itself. The Well Project offered easy and fast access to healthy water, thus having ensured that it could meet some of the needs of the village people on its own and started agricultural activities. There has been economic activity in the region.



Gap İnşaat developed special air cleaning appliances to eliminate coronavirus in its R&D centers and donated 36 air cleaning appliances to 32 hospitals in Istanbul.

YEDAŞ and **Gap Pazarlama** supported the “Blood Donation Campaign to the Red Crescent” organized in their Headquarters in order to raise awareness on the importance of blood donation.

YEPAŞ supported the “100 Young People in the 100th Year” Project organized with the collaboration of the Governorship of Samsun Coordination Center and the Presidency in the 100th anniversary of the National Struggle. Within the scope of the project, the high school students determined by the governorships of Ankara and Ardahan were transported to Samsun on May 19 and the Samsun City Tourism map was designed especially for the 100th anniversary of May 19.

KEDS participated in the blood donation event with the collaboration of the Kosovo National Blood Transfusion Center and the employees voluntarily donated blood to encourage donation.

In collaboration with NGO Down Syndrome Kosovo and NGO TOKA volunteers, KEDS employees came together with children with Down syndrome and painted one of the transformer stations in Pristina in various colors.

WE SUPPORT DEVELOPMENT OF A SOCIAL SOLIDARITY CULTURE

Çalık Group demonstrates an exemplary social solidarity by feeling the pulse of society and organizing with all its companies to meet any needs that may arise.

KEDS donated a total of 30 tablets to children in The Ideas Partnership, SOS Villages and the Oncology and Pediatrics Institution, prepared gifts to the students of two schools in Kosovo and continued their society and donation oriented activities by delivering these gifts to their owners before the New Year's Eve.



Lidya Madencilik continued the project for the improvement and asphalt works of the 4.5 km road between Aşağımaden and Yukarımaden Villages in Artvin while supporting the construction-repair works of structures such as mosques and schools.

Completing the construction of the main access road of the Hacıöner Village Aşı Deresi Neighborhood in Balıkesir, Lidya Madencilik planted walnut saplings on the land determined by Bozbük Village Cooperative and before delivering it to the village cooperative.

ALBtelecom organized a blood donation campaign in collaboration with the Albanian Red Cross to help children with thalassemia.

BKT supports improving the quality of public service. The Company, in this respect, donated a “queue system technology” to the Fier District Police Department, provided computer aid to the employees of the General Directorate of State Archives, and sponsored various material purchases of the Land Forces and the Bunavi Military School.

BKT has shown its support to the health sector by contributing to the reconstruction of campuses and the purchase of hospital equipment; with the help of doctors and staff of the Albanian Red Cross, BKT contributes and is always close to the health problems faced by different people whose lives depend on donated blood.

Down Syndrome Albania Foundation representatives attended the sale of postcards designed with paintings of children diagnosed with down syndrome at BKT's Headquarters. Postcard incomes go to support the Therapeutic Services for Children with Disabilities near the center of Pro Pak children.

Children of the Development Center “Pëllumbat,” celebrated again the year-end holidays together with the staff of BKT and were given presents within the scope of the event.

Activities in 2020

Çalık Holding focused on social solidarity activities, believing that global and national solidarity is of great importance in order to be successful in the fight against the COVID-19 virus, which threatens the entire world. Çalık Group contributed TL 8.5 million together with the support to the “Together We Are Enough My Turkey” campaign and other donations it implemented through its companies in different business lines.

Within the framework of the “İftarımızı Anadolu’da Açıyoruz” event initiated by Çalık Holding in 2012, it provided shopping checks and food supplies to people in need in Erzincan in cooperation with the Red Crescent in 2020.



Çalık Holding focused on social solidarity activities, believing that global and national solidarity is of great importance in order to be successful in the fight against the COVID-19 virus, which threatens the entire world.

Aras EDAŞ organized a blood donation organization with the regional staff in order to create awareness with the slogan “Blood is not an urgent need but a constant one.”

BKT Kosovo continued the blood donation, which has become a tradition of the bank for several years, in collaboration with the National Blood Transfusion Center on Blood Donation Day.



WE SUPPORT DEVELOPMENT OF A SOCIAL SOLIDARITY CULTURE

Çalık Group works with all its power by producing projects in order to provide all kinds of support in the field of health within the scope of social development.

BKT Kosovo signed a collaboration agreement with the Pristina-based Autism Association in order to provide financial support for the treatment of children with autism for a period of 12 months. It covered the 12-month treatment costs of a child with down syndrome through the Down Syndrome Association Kosovo. The Company buys the New Year greeting cards prepared by children with down syndrome, thus provides financial support to the association and increases awareness about down syndrome by sending the greeting cards to its customers.

Aktif Bank supports the Parilti Association in order to touch the lives of visually impaired citizens and to support their participation in social life.

Çalık Enerji made a donation to UNICEF on International Women's Day on behalf of each female employee and delivered a package of tetanus vaccines to 15 women in developing countries to protect them from tetanus germs during their pregnancy and postnatal periods. In addition, Çalık Enerji contacted local authorities in some geographies it operates and donated humanitarian aid packages that include respirators.



BKT Kosovo signed a collaboration agreement with the Pristina-based Autism Association in order to provide financial support for the treatment of children with autism for a period of 12 months. It covered the 12-month treatment costs of a child with down syndrome through the Down Syndrome Association Kosovo.

Gap Pazarlama provided combed cotton, fabric, and other textile products to the Encander Foundation in 2019 and 2020 to help them eliminate hygiene and health problems. Gap Pazarlama delivered an average of 500 kg of fabric, mostly mattresses for paralyzed and needy animals, and disposable diapers for paralyzed animals' toilet needs.

Lidya Madencilik completed the project for the improvement and asphalt works of the 4.5 km road between Aşağımaden and Yukarımaden Villages in Artvin. It developed a joint project with the Provincial Special Administration for the remaining 8 km of the village roads and signed a protocol for the construction of a new route including a tunnel of about 2 kms. The Company, which also started the construction of a village social facility of approximately 500 m² for the village of Yukarımaden, supported the construction-repair works of buildings such as the mosque and the school and helped the villages within the Hod Mine Project for the maintenance and repair of the drinking and irrigation water lines.

Lidya Madencilik bought and delivered 1 mini excavator and 1 truck for Hacıömerderesi Development Cooperative in order to improve livelihoods and create new resources in Balıkesir.

YEPAS, acting together with the AHBAP Foundation, provided an electric wheelchair to a person with walking disability living in Sinop. The Company also installs charging stations for disabled vehicles at certain points in the city within the scope of the project carried out in cooperation with Samsun Metropolitan Municipality.

ALBtelecom donated food packages to 100 families in response to the request of the Municipality of Kamza to help people face the COVID-19 pandemic. The Company also donated EUR 10,000 worth of respirators to help the health system in the outbreak period.

BKT Albania supported the Albania-Turkey Chamber of Commerce and Industry (ATTSO) within the framework of the awareness campaign made to prevent the spread of COVID-19. It donated an Autorefractometer device to Xhaferr Kongoli Health Center. The Company donated office items to the General Directorate of Land Registry and Cadastre in order to support organizations serving the community.



YEPAS, acting together with the AHBAP Foundation, provided an electric wheelchair to a person with walking disability living in Sinop and also installs charging stations for disabled vehicles at certain points in the city within the scope of the project carried out in cooperation with Samsun Metropolitan Municipality.



KEDS prepared a 16-day action plan against gender-based murders. KEDS prepared a video featuring important messages from key people inside and outside the Company. It also changed the colors of the lightings especially on the main street in Pristina to orange as it was the symbol of the Orange The World campaign. Likewise, the KEDS building was also illuminated in orange to give hope and support to women and the KEDS tellers all around the country participated the campaign wearing orange scarves and ties for 16 days.

KEDS was the first signatory company of Women Empowerment Principles in Kosovo. It conducted gender equality training for more than 50 employees in March 2020. KEDS also promoted work-life balance by forming special rooms for young mothers within the company.

An important contribution to sports for public health

Çalık Holding and its Group companies support sports for community health and regard it as one of the unifying elements of common life culture.

WE SUPPORT SPORTS

Activities in 2019

BKT participated in the Tirana Marathon with its employees, with the belief that participating in different sports activities improves lives and that sports contribute greatly to the health and happiness of each individual.

Gap Pazarlama participated in the 41st Istanbul Marathon with its Running Team.

YEDAŞ sponsors the Amasya Table Tennis Team.



Aktif Bank undertook the title sponsorship of the Istanbul Marathon with the N Kolay brand in a 3-year collaboration with Spor Istanbul, a subsidiary of Istanbul Metropolitan Municipality.

Activities in 2020

Aktif Bank undertook the title sponsorship of the Istanbul Marathon with the N Kolay brand in a 3-year collaboration with Spor Istanbul, a subsidiary of Istanbul Metropolitan Municipality.

BKT Kosovo has been the main sponsor of the adult women's tournament "Ladies Open 2020" organized by the Kosovo Tennis Federation.

YEPAS meets the needs of Samsun Veteran Ping-Pong Club athletes with down syndrome, such as jerseys and tracksuits, in line with the one-year sponsorship agreement signed with the club.

KEDS organized a joint climbing activity outside the Headquarters building in collaboration with Alpin Group "Pristina." KEDS also supported the Kosovo Football Federation through a Memorandum of Understanding during the year as a helping hand of Kosovo's rising stars in football.



The goal of producing sustainable value

Çalık Group’s sustainability is important for its own employees and customers, as well as the local people and countries in its operating regions due to the economic value produced by the company.

SUSTAINABLE PROFITABILITY AND CUSTOMER SATISFACTION

Çalık Holding and its Group companies consider producing sustainable value for all their stakeholders as one of their main goals. Creating sustainable value is necessary for the continuity of the institution and the sustainability of profitability. The Group’s sustainability is important for its own employees and customers, as well as the local people and states of its operating regions due to the economic value produced by the Company.

Sustainable profitability can only be achieved by performing the jobs with the desired and expected quality, completing the projects on time and smoothly, conducting the jobs with a fair and ethical approach and satisfying the customers.

The Group companies carry out their activities in the light of these principles and make new business connections because they successfully complete their jobs in the geographies where they operate. They expand their collaborations and business volumes by working with strategies and business models that focus on customer satisfaction.



Group companies regularly evaluate the expectations, complaints and opinions of customers. Customer satisfaction is regularly monitored, customer opinions are regularly taken as well.

Group companies regularly evaluate the expectations, complaints and opinions of customers. Customer satisfaction is regularly monitored, customer opinions are regularly taken as well. The processes are being improved to ensure customer satisfaction. All processes are realized together with stakeholders.

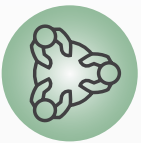
One of the most important components of ensuring customer satisfaction is the close monitoring of customer complaints and creation of quick solutions for these complaints. To this end, the Group companies established mechanisms for monitoring and resolving customer complaints. Emerging issues are being evaluated, and the most appropriate solutions for the parties are being developed and implemented. This approach is one of the important factors in ensuring business continuity of Group companies.

Strategic collaborations

Business partnerships are of great importance for Çalık Holding and Group companies. The Group supports establishing business partnerships with leading and pioneering institutions in their fields.

BUSINESS PARTNERS

Business partnerships are of great importance for Çalık Holding and Group companies. The Group supports establishing business partnerships with leading and pioneering institutions in their fields. Strong business partnerships allow Group companies to offer their products and services with the highest standards. The Group companies care to establish fair and transparent relations and set up long-term reliable business partnerships in this way.



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Some of the Group’s business partners are:



Strong relationships with reliable suppliers

Çalık Holding and Group companies expect the organizations listed in the supplier list to operate in a manner that respects human rights and the environment, that is sensitive to occupational health and safety, and to employ their employees in appropriate conditions and environments.

SUPPLIERS

Çalık Holding and its Group companies take care to demonstrate a responsible purchasing approach in terms of sustainability. Within the framework of these principles, suppliers are evaluated before the tender processes and an approved supplier pool is being created. This process, called the Supplier Life Cycle, is carried out online via SAP's SLC module and is the platform where suppliers submit applications, supplier data maintenance and performance management is performed by evaluating their applications, and consolidation is provided.

Suppliers can make supplier candidate applications and approved supplier entry procedures through the pages created for them on the websites shared with them. The list include the suppliers whose necessary preliminary checks were made by the Holding and Group companies, which were set by observing international benchmarks for purchasing, and who met the criteria set in the Group's purchase procedures.



Institutions that want to become suppliers to Çalık Group companies submit their requests by making the necessary applications through the Supplier Life Cycle Portal (SLC). After preliminary examination, suppliers whose applications were approved are requested to upload their information and documents to the Supplier Portal.

Institutions that want to become suppliers to Çalık Group companies submit their requests by making the necessary applications through the Supplier Life Cycle Portal (SLC). After preliminary examination, suppliers whose applications were approved are requested to upload their information and documents to the Supplier Portal. The information and documents uploaded to the system are examined in detail. At the end of this review, if deemed necessary, the applying supplier is visited and reports are made, which are open for the internal stakeholders' review. This visit is carried out in order to see and evaluate the activities of the relevant organization on site and to understand their approaches and working conditions.

During the visit, the supplier candidates are scored in line with their answers to the questions specified in the Group's procedures. This list of questions, which contains many questions related to sustainability, measures the technical and commercial status of the supplier, as well as many environmental, economic and social parameters. If the scorecard score of the supplier candidate is appropriate, the relevant organization is included in the approved supplier list.



The action plan for the institutions, which are determined to need development, are requested online on the supplier life cycle portal. The necessary contacts and visits are carried out within the scope of this action plan and the improvements are followed up. If the expected level is reached as a result of the improvements performed by the supplier, the relevant supplier is included in the approved supplier list.

Supply processes and tender management are carried out online through SAP's Supplier Relationship Management module, SRM. Thanks to this module, which is also supported by the Electronic Tender system, sustainable spending transparency is ensured in the purchase. It is closely monitored and audited whether the organization awarded the tender performs the service and delivers the materials in accordance with the required quality and standards, and in case of non-compliance, corrections are requested. The aim of these follow-ups after the contract execution is to support the efficient operation of companies.

The performance of suppliers is closely monitored, and performance assessments are conducted with regular intervals and audited periodically. Improvement areas for the deficiencies identified as a result of inspections are reported to



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the responsible person through the Regulatory Preventive and Remedial Activities report and action plans for correction are requested from the supplier organizations. These plans are closely monitored and necessary audits are carried out. It is expected that the institution ensures compliance to the supply standards of Çalık Holding and Group companies. If it is determined that the conditions were met in the audit conducted after the completion of the action plan, the approval of the organization is kept on the supplier list.

In addition to effective supplier management, by migrating to joint category management, purchasing efficiency is improved by optimizing and consolidating the purchases of Çalık Holding and Group companies in the purchase categories determined each year. In addition, by increasing transportation efficiency thanks to the transportation optimizations of materials and equipment, attention is paid to minimizing carbon emissions.

Çalık Holding and its Group companies expect the organizations included in the supplier list to operate in a manner that respects human rights and the environment, that is sensitive to occupational health and safety, and to employ their employees in appropriate conditions and environments. They provide the necessary support for suppliers to improve themselves.

Nature friendly activities respecting the environment

Çalık Group supports the reduction of environmental pollution and waste by taking an environmentally friendly approach in all its activities and aims to ensure that the environment is protected and passed on to future generations.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT APPROACH

ENVIRONMENTAL POLICY

Çalık Holding and Group companies comply with national and international legislations and regulations. They give importance that the products and services they offer protect the environment.



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- Ensuring that the environment is protected and passed on to future generations,
- Efficient use of resources in their activities,
- Conducting activities with environmentally friendly business approaches,
- Reduction of environmental pollution and waste,
- Regular review and improvement of business systems and processes,
- Raising the environmental awareness of employees and society

are the main goals of Çalık Holding and Group companies. It is expected that the Group companies behave in accordance with this policy.



WASTE MANAGEMENT APPROACH

Çalık Holding and Group companies carry out activities to reduce, recycle, and dispose of waste in cooperation with right business partners. Each Group company aims to reduce its waste by methods specially developed for its own business, to dispose of hazardous waste by storing it in appropriate conditions and delivering to authorized institutions, and to maximize recycling.

Çalık Holding, which determined paper waste as a priority issue in the management of waste, follows two different ways in this respect. The first method is to popularize the paperless office approach primarily. The main objective is to carry out studies aimed at processing document movements and approval mechanisms through electronic media by minimizing the need for printing.



Each Group company aims to reduce its waste by methods specially developed for its own business, to dispose of hazardous waste by storing it in appropriate conditions and delivering to authorized institutions, and to maximize recycling.

Being aware that it is not possible to completely eliminate the use of paper, the papers that become waste after use are collected and delivered to the municipality for recycling. Thus, care is taken to protect the forests and the environment.

Plastic waste used at Çalık Holding buildings is also collected with the same approach and delivered to the municipality for disposal and recycling.

Electronic waste is collected and disposed of in appropriate conditions. In addition, a part of the collected electronic equipment is donated to TEGV's "Atma Bağışla (Don't Throw, Donate)" campaign.



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