



A note for history

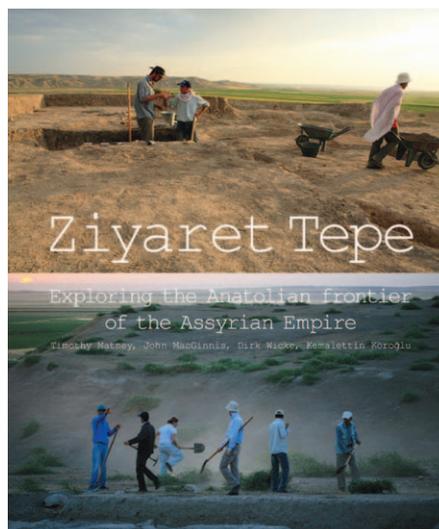
The book on Ziyaret Tepe, where archeological excavations shedding light on Assyrian history have been supported by Tekfen Foundation for many years, has finally been published. A summary of this archaeological work that continued for 18 years, *Ziyaret Tepe - Exploring the Anatolian Frontier of the Assyrian Empire* also demonstrates the cultural richness of these lands.

Tuşhan (today known as Ziyaret Tepe) was one of the provincial centers in the Tigris region of the Assyrian Empire, which ruled over Mesopotamia in history. Excavations in Tuşhan continued for 18 years and were completed in 2014. Ziyaret Tepe will be inundated once the construction of the Ilisu Dam is finished, and the digs brought to light a treasure trove of new information regarding the Assyrian civilization. Following the excavations, preparations began for a book that will present this material to the scientific community as well as history fans. After a long and detailed work, *Ziyaret Tepe - Exploring the Anatolian Frontier of the Assyrian Empire* has been published recently with the support of Tekfen Foundation.

The book summarizes the excavation work carried out at the site while also presenting a myriad of previously unknown details regarding the Assyrian civilization. The book tells of the daily life in Tuşhan, the components of an excavation from A to Z and their story, accompanied by hundreds of photographs and texts by archaeologists expert in the field.

Only a small portion of the thousands of excavated material can be exhibited at the Diyarbakır Museum, which has made

the book even more important as it will bring the project to a much larger audience and even get them to enjoy archaeology. The book launch and press conference was held at Soho House on Thursday, March 16, hosted by Dr. John MacGinnis (Cambridge University) and Professor Kemalettin Koroğlu (Marmara University), two of the directors of the Ziyaret Tepe excavations and authors of the book, and Dori Kiss Kalafat, Tekfen Foundation Board Member.



Editor's note

The year was off to a fast start, and once again we cover numerous, colourful topics.

We have a special company that has been waiting its turn for a "visit" for a very long time: GAT. The construction machines that have served in the ice-covered steppes of Eurasia or in the broiling deserts of Saudi Arabia, never once leaving our workers on their own, undergo "rehab" at GAT. In this issue, we talked to the amazing team at GAT, and they told us their story.

I made note of two things concerning our article that covered Toros Agri's "Lean Production" drive, one of which was that "leanness" is of primary importance in every area, and the other was that, as in every system, the key to success in Lean Production is believing in oneself and doing everything accordingly. I wish Toros Agri success on this journey it has embarked upon with great excitement.

New is good. Tekfen Construction will roll out a new and important system this year. It's the performance-based rewards system or "bonus" for short. We held our microphones to Tekfen Construction President Levent Kafkaslı and HR Manager Gülhiz İleri. We received clear answers to questions that are on people's minds. In this new system, the company will make the employee win and the employee will let the company win in return, and keeping the system alive will depend to a large extent on how much we embrace it with mutual respect.

Cordially,

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Corporate Communications
Director, Group of Companies
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Tekfen Construction receives International Contracting Award

Tekfen Construction was awarded for being listed by *Engineering News-Record* (ENR) as one of the “Top 250 International Contractors” in 2015. Tekfen Holding Vice President in charge of the Contracting Group Ümit Özdemir received the award from Turkish President Recep Tayyip Erdoğan.

One of the prominent reference publications of the international construction industry, *Engineering News-Record* (ENR) announces an annual list of “Top 250 International Contractors of the World;” Turkish companies that made it on the list received their awards at a ceremony on February 22, hosted jointly by the Turkish Ministry of Economy and the Turkish Contractors Association.

Representatives of the contracting sector were present at the ceremony, which started off with the keynote speech by Turkish President Recep Tayyip Erdoğan. In his speech, Erdoğan said every Turkish contractor is an ambassador bringing wherever they go the culture, colour, and values of their country and a bridge joining civilizations, and that despite regional difficulties, he had great confidence Turkish contractors will successfully fulfill their responsibilities to enable Turkey reach its goals for 2023.

Following the speeches, Tekfen Holding Vice President in charge of the Contracting

Group Ümit Özdemir received Tekfen Construction’s achievement award from Turkish President Recep Tayyip Erdoğan.

TURKEY IS SECOND IN WORLD CONTRACTING SECTOR

The “Top 250 International Contractors of the World” list is prepared annually based on the business volume of contracting companies outside their own countries. Tekfen Construction was on the list again this year, placing 118th among 250 international contracting companies.

Turkey is one of the countries that stand out with their successful performance on the ENR list in recent years. In 2003, only eight Turkish companies were on the list, whereas there were 40 in 2016. After China, Turkey is second among countries with most contractors on the list in the last nine years, once again maintaining its place at the top this year.

Tekfen Real Estate Development on the rise

Tekfen Real Estate Development was named among five brands in the real estate sector that most increased their reputation at the “ONE Awards - Integral Marketing Awards” organized jointly by *Marketing Türkiye*, the leading marketing magazine, and Akademetre, an independent research agency known for its competence in market and consumer attitude researches.

This year, the “reputation and brand value performance measurement” was carried out in 38 categories with interviews conducted with 1200 people living in 12 provinces. The success of candidates was evaluated using a set of criteria including brand recognition, trust, differentiation, recommendation, social responsibility, and activities throughout the year. Tekfen Real Estate Development emerged as one of the most industrious brands of the real estate and construction sector.



Going accident-free in Qatar

Tekfen Construction continues its streak of accident-free operation around the world. The most recent example is Qatar, where 18 million accident-free man-hours with no workday loss have been completed at the North Road Side Roads and Additional Junctions Project.

This achievement represents the highest accident-free score in Tekfen’s projects in Qatar, and has been awarded by the Public Works Authority (ASHGHAL) with a certificate. We congratulate all project members who have contributed to this achievement and wish them continued success.



Toros Agri sets out for Lean Management

Toros Agri has taken the first step towards “Lean Management” with the kickoff events at three of its plants.

The philosophy of Lean Management is predicated on decreasing all waste within a system and striving to allocate all resources for a greater level of value creation. Toros Agri aims to apply this philosophy throughout its production process and improve the company’s operational processes while decreasing waste and perfecting all operations.

At the kickoff events held at Toros Agri production plants, blue- and white-collar personnel autographed the symbolical “Lean Management Ball” and pledged to stand behind the process. For the next three years, the road map will extend from Lean Production to Lean Company, based on the culture of continuous development and improvement. All personnel will receive training regarding lean tools, which will then be applied progressively to work areas.

A TALK WITH SİNAN UZAN AND SELÇUK ERGİN ON TEKFEN VENTURES

Turkey is a sea, the world is an ocean

Tekfen Ventures has become in recent months a Tekfen Holding venture capital company, with the aim of investing in innovative technologies targeting industries and businesses. The company will provide investment support to promising ventures at their early stages, which in turn will provide new ideas, technologies, and products to construction and agriculture, Tekfen’s main businesses. We talked with the founders of the company, Sinan Uzan and Selçuk Ergin, about entrepreneurship in the world today and about the aims of Tekfen Ventures.

Venture capital funds focusing on technology are relatively new in Turkey. How did this sector emerge in the first place?

Sinan Uzan: Venture capital companies have been around for quite some time now. The rapid growth of the internet in the early 2000s and high levels of profit attained by companies such as Facebook in a very short time drew the attention of the investment world to this sector. Especially after the onset of a low-interest rate phase in 2008, individuals began investing in such companies and in innovation in order to get better returns. So even though the concept existed previously, it became more popular due to economic factors. International corporations seeking profitable investment opportunities also became interested.

Selçuk Ergin: This new structure emerged in Silicon Valley and spread throughout the world, because with the new trends and technologies, the world now needs new business models. The venture fund idea emerged during that period. The young generation has taken the lead with new models, and they need money to put their ideas into practice. And we at Tekfen Ventures decided to seize these opportunities in the world of venture.



There are other companies in Turkey active in the same line of business. What’s the difference of Tekfen Ventures?

Sinan Uzan: Before answering this question, we need to look at why it is important for Tekfen to be managing an investment fund. First of all, the company’s name is a portmanteau of “tek” (as in “teknoloji”; i.e. technology) and “fen” (science). We would be doing ourselves a disservice if we refrain from taking part in the

world of innovation, because innovation and technology are in the very genes of our company. On the other hand, construction and agriculture, the two main businesses of Tekfen, are comparatively the least digitized industries in the world. It is of crucial importance to keep pace of technological advances and innovations in these areas in order to maintain our strategic advantage and strength. One of the main missions of Tekfen Ventures is to locate the innovations that will contribute to the development of these two sectors, invest in them, and reap the advantages not only for our own businesses but for Turkish economy as well.

Will you limit your search for new ideas to construction and agriculture only?

Sinan Uzan: These are our priorities. For me, agriculture is the most exciting area. There is a new push for innovation in agriculture all around the world. Amazing progress is being made in the use of remote sensing in agriculture in the form of drones and satellite pictures. There is a lot that we can do especially in fertilizers and agriculture. And five or ten years after that we foresee a very extensive transformation in the construction sector. We expect innovations that will increase efficiency in construction,



improve work safety, and relegate dangerous jobs in dangerous places done by people to machines. These are very important for the competitiveness of our own companies. But we can't ignore other opportunities that arise outside of agriculture and construction. If there is a good idea somewhere, whatever the sector, you shouldn't ignore it. Sometimes a new idea can create its own sector. So a business that we as Tekfen do not even consider today may open up a whole new set of opportunities for the company.

Selçuk Ergin: The important thing about corporate venture is to determine in advance the strategic investments and opportunities of the company's affiliates and to be there, and perhaps even learn of possible opportunities beforehand. Today there are big opportunities in construction and agriculture. Tekfen Ventures can make a difference in these areas. Companies that don't digitize now will all go down. We base our own structure on that.

Sinan Uzan: There's a quote from Darwin that's my favourite: "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change." That's one of our key ideas. We must be a company that's not the strongest but adaptable.

Do you seek out ventures or do they find you?

Sinan Uzan: A little of both. You need to go out and find new ideas, but sometimes they come to you, too. Tekfen is a name with high recognition and a big player in its sectors in Turkey, both of which make it attractive for entrepreneurs. And we consider all kinds of ideas. We try to develop close ties with centers that support ventures such as MIT, NYU, and Columbia. The investments that will make up our portfolio will be chosen after close scrutiny using certain criteria, both in terms of ideas and also their commercial potential.

Selçuk Ergin: There are no rules or guides about where a good idea or a venture will come from. So you have to be everywhere. The idea you are looking for may be in San Francisco or it may be on an island in

the middle of the ocean. That's why we talk with many people every day. We have been in the field from day one, attending events and meetings. We may invest in two or three ventures, but for that we will talk with a thousand people. If you think of the Holding as a hive, we are the bees. We fly around, looking for the sweetest flowers.

What is the attractive stage of a venture for you?

Sinan Uzan: We are mostly interested in companies that are at an early stage but already have a balance sheet and a team, companies that are out of the garage, so to speak. They should have picked up a certain level of speed, proven the worth of their idea on the market, looking for finance to attain further growth. On the other hand, our aim is not buying out good companies or seizing their management through majority share. If the company we will invest in is like an athlete who has begun running, then we are the ones providing them the nutrition they need. We also mentor them, supporting them by showing them the way, because Tekfen Construction has been in the business for 60 years, and Toros for nearly 40. We want to use the experience of our companies to show young entrepreneurs the way.

How do you decide on an investment?

Sinan Uzan: First, we closely examine the company we will invest in, its business model, its market share, and its plans for the future. Then we make an internal evaluation. Sometimes a great idea comes to us but it may be too early for our portfolio or our investment principles. In that case, we remain in touch and continue to follow that company. If the company's business model aligns with our priorities in the future, we may then decide to invest in it.

When will Tekfen Ventures make its first investment? Is there a date?

Sinan Uzan: We've only just begun. The company became active on December 1 last year. We are still in the process of creating our team. I think we will be able to announce our first investments before the end of this year.



ONE DAY IN THE LIFE OF A VENTURE INVESTOR

Kris Kemény, head of Tekfen Ventures' New York office, says two passions shape his professional experience: technological innovation and investment. "The thing that excites me is overcoming obstacles for innovation in big industries." Kemény describes his typical day at Tekfen Ventures:

As a venture capitalist, my day consists of meeting with entrepreneurs, doing due diligence on potential investment opportunities, reading research reports, and speaking with other investors. My schedule for last Wednesday may give an idea of my life here:

I woke up early to catch my flight to Boston (from NYC) because I had a day full of meetings at MIT. En route to La Guardia and as I went through security at 7 a.m., Sinan (Uzan) was catching me up on the day's events. I spent the short flight working on a presentation for our upcoming board meeting. I got in a cab at Logan Airport and dialed into my call with the CEO of a Silicon Valley agriculture technology startup. I arrived at MIT's Cambridge campus just in time for my lunch meeting with the program directors for MIT's J-WAFS program where we discussed their new incubator program and the various innovations happening across departments at MIT. After that, we headed to their offices where I met with four MIT startup teams working on various cutting edge innovations. We finished the final pitch at 4 p.m., I took a cab back to the airport and spent the ride on the phone with another VC discussing potential investment opportunities. I caught up on emails during the flight and headed back to the office in New York. I had a call with a business school student to discuss an internship opportunity with us. Shortly before 10 p.m., I went to grab my tea, missed the handle and spilled it all over myself. I realized it was time to go home.



THE PLACE WHERE CONSTRUCTION VEHICLES ARE REBORN

EQUIPMENT HOSPITAL

NUMAN USLUOĞLU

Tekfen Machinery and Equipment Manager



We can call this place a hospital for equipment; it even has operating rooms. This is the center where all Tekfen equipment are parked and where all machines come back after their

work is done. Once a project is finished, if there are no other projects to begin very soon, we usually bring back all equipment here. And when a new project begins, we bring the required machines out from the park, carry out the revisions, and send them off to the construction site. GAT is also a logistical center. Apart from machinery, containers, consumable materials and all types of leftovers from projects come here. In 2016, a total of 1,237 pieces of equipment came to GAT and were sent off again. 572 semis were used to transport them.

It takes 20 years to train a good skilled workman

Even though we have a fixed number of personnel at GAT, some changes do occur during the year as the need arises. When projects need highly qualified repair and maintenance personnel, we give them support. Our purpose here is to guarantee the repair and maintenance work with a core team. It is crucial that we have our own personnel at key points. That's why 90 percent of the foremen in our projects are the experienced workmen of GAT. Another reason why the turnover rate is low is that it takes 20 years to train a good skilled workman.

People are appreciated here

We are like a family here. We have a team of 70 people. We get together once or twice a month and have fun. People are appreciated here. And people who work here appreciate that in return. This mutual respect and peaceful work environment makes people happy. Tekfen is a great company. There are some good developments. I hope these will carry Tekfen to better and stronger days.

I WAS WRONG ABOUT TEKFEN

ABDULLAH AY

Head of Central Workshop



I first met Tekfen in Azerbaijan. At the time I was working for another company. I had friends over at Tekfen. From a distance, Tekfen seemed to me like a public sector company. A place that offers little excitement, where everyone treats each other coldly. After I got into Tekfen and gained some experience I realized how wrong I had been. Here, there is a tolerant work environment that ties you to the company. Also, it is a great source of motivation to be working with people who have been at Tekfen for 25-30 years.

I'm just getting used to working in a fixed place

Construction sites are very lively places. I'm only just getting used to the advantages of working in a fixed place. In fixed workplaces the personnel is fixed, too, so everyone becomes an expert at what they do. Everyone here is relaxed and understanding;

overall, it's a quite positive workplace. I see that as the success of the management. It's not easy to create such an environment. Everyone has great respect for their managers.

WE CAN'T AFFORD TO MAKE A MISTAKE

METİN BAŞYİĞİT

Central Warehouse Director



Here is the company's base; it's like its kitchen. All the machinery and materials used at the construction sites come here after the work is done. And each of them passes our scrutiny, one by one. My experience and expertise is in spare parts supply. We foresee how often a machine part will break down, how long the engine will survive and what materials will be used for repairs, and then obtain those parts and stock them. That's an important job. We can't afford to make a mistake.

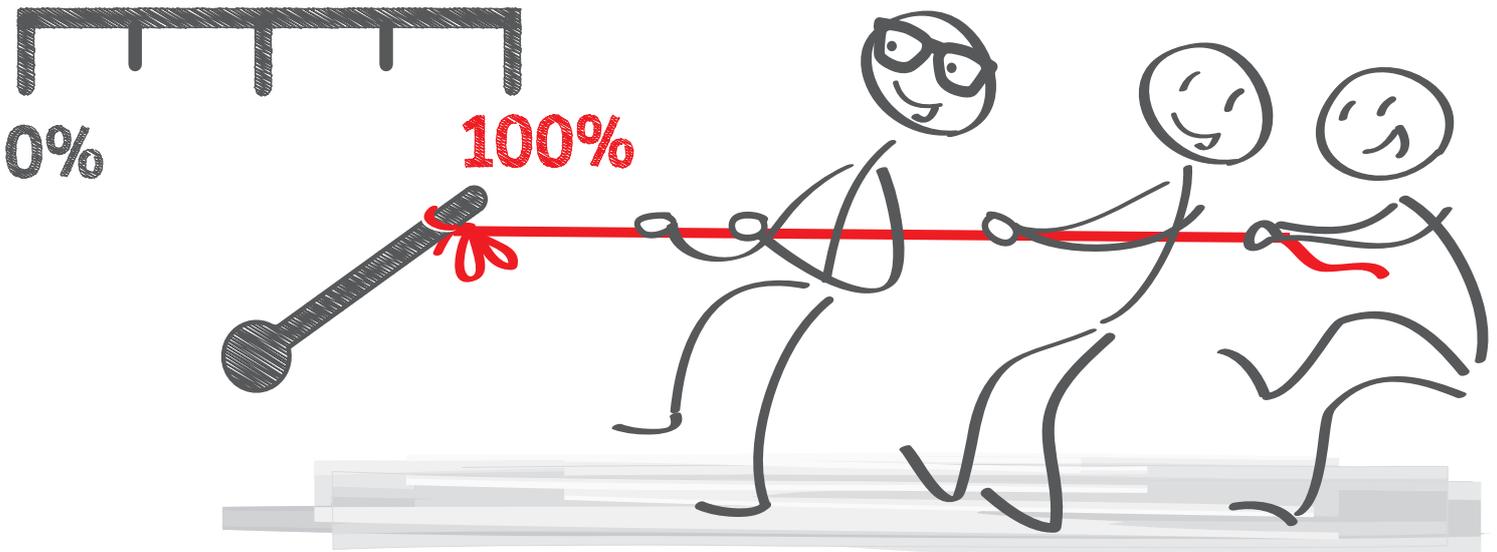
We think like amateurs and work like pros

Employer-employee relations are based on mutual satisfaction. For my part, I'm very satisfied to be working at Tekfen. Obviously, since I'm still here. And Tekfen is satisfied with me, since it still employs me. More sentimentally speaking, I love Tekfen. All three of my children were raised on Tekfen wages. Everyone helps each other here. We think like amateurs and work like pros. We regard this place as our family and feel like members of a family. That's the plain and simple summary of my 30 years.

PERFORMANCE AND BONUS SYSTEM ENGAGED AT TEKFEN CONSTRUCTION

Everybody wins

In order to make the company structure more effective and productive in reaching its strategic goals, Tekfen Construction has begun using a system infrastructure that will measure personnel performance. Active since the beginning of 2017, the performance-based bonus system aims to create a structure that will benefit both the company and its personnel.



As of 2017, Tekfen Construction has installed a newly designed Performance and Bonus System that will benefit all its personnel. The system aims to measure personnel performance objectively and more accurately, as a result of which individual and team achievements will be rewarded on the basis of a standard bonus system, and the company itself will be more successful as predetermined goals are met. In effect, this will be a win-win system.

First steps for the new system had been taken in 2016, following the Employee Satisfaction Survey that clearly demonstrated the need for such a system. Conducted by Hay Group, the international management consultancy company, the survey showed that employee satisfaction at the company was very high but that the need was felt for a system that would measure employee performance. These findings led to further collaboration

with Hay Group to develop a system for performance management.

The best practices and cases throughout the world were studied meticulously to develop the new performance and bonus system, which was then put into practice at Tekfen Construction head office, fixed workplaces, and projects recently begun (less than 50 percent completed). In February, with the participation of Tekfen Construction's senior management, presentation and briefing meetings regarding the system were held at workplaces and projects that were designated to adopt the system immediately.

The performance and bonus system will be based on objective and measurable criteria, leading to benefits for the employees more equitably; further work on the system is currently being carried out to improve it and extend its compass in coming years.

A talk with Tekfen Construction President Levent Kafkaslı on the new system

First of all, why did the need arise for the Performance and Career Management System? How did the project begin?

Approximately a year ago, we conducted a satisfaction survey with our directly and indirectly employed personnel at our head office and all construction sites. We had a response rate of about 90 percent, which we have been told is unheard of in our sector. Our personnel shared with us all their thoughts candidly. We then evaluated the survey results. There were some very clear messages. Most of the things written were very flattering in the name of the company. One thing that came up repeatedly was, "I am proud to be working at this company." But along with that there was also a criticism: "The company does not measure my performance. Even if it does, I don't know the criteria." When we saw these, we realized that we definitely needed a performance assessment system. We started the project around June last year, and presented it to the Holding about three months ago. We received the senior management's approval of principle. Then we began the launches. In other words, the system wasn't imposed top-down; we listened to the base, and carried it out as a result of the demand from the base. Our Human Resources department also made an important contribution to the implementation of the system by providing leadership to the project.

When and how will it be implemented?

We will start performance measurements in 2017. Employee performance will be assessed on the basis of set targets. Rewards will come in 2018. We wanted to present the project to the personnel before setting the criteria to be used in measurements and assessment. First, we went to Azerbaijan. Then we held meetings at the head office in İstanbul, Qatar and Ceyhan, explaining the system to our personnel and the managers of the projects. This is a turning point for the company, so we did not include in this system those old projects that are already more than 50 percent completed. We limited ourselves to new projects that were less than 50 percent completed.

We divided the performance assessment and reward system into two. The first part comprised the central office and fixed workplaces, and the second part was made up of projects, because each project is unique and different, whereas the central office is fixed. We kept in mind both of these parts as we worked on our launch. We will announce the criteria for 2017 by the end of May, after all preparations are finished. Here, the targets of the general manager are in fact the targets of the company. Deputy general managers under him represent the departments. Based on their targets, we determine the targets of managers. These are further bro-



ken down and spread out towards the base. At the projects, on the other hand, we will use quantitative criteria rather than individual assessment, because it is impossible for us to measure, at least initially, the competence of thousands of people involved in any given project. That's why we will look at the overall project performance.

How will the performance system affect the company and the lives of the employees?

Naturally, this productivity will increase both the profitability of the company and the satisfaction of the personnel. Both the company and the personnel will win as a result. It will be a win-win situation. We will earn to the same extent our company earns. We as personnel will be a part of that. The company will earn more thanks to us, and will share that with us. That's the short summary of the system.

How did the personnel respond to the system in general?

During the launches I noticed that there was some unease among the personnel because of the new system, but at the same time there was a high level of expectation. That was very pleasing. They asked very clear questions. We had seen the same attitude with the survey. Their messages were very clear and direct. We put that down to the "Tekfen difference," which is great. There were some constructive discussions during the launches. We want everyone to join this system wholeheartedly, because we will carry out this project all together, so we need the full support of our personnel. We believe we will be very successful in this journey. Of course, there is a long way to go. But I am certain we will advance very rapidly thanks to the mutual understanding and effort by both the company and our personnel.



“STRIKING” FUN



The Tekfen Bowling Tournament became one of our traditional events last year, and the second tournament was held at Cevahir Mall Atlantis Bowling Hall on January 18. There were 22 teams and a total of 110 contestants participating in this year’s tournament, leading to a cutthroat competition.

Successful teams received trophies as well as surprise prizes. The tournament offered great excitement, and ended with *Group Rollhouse* from Tekfen Construction as champions. *Altın Vuruş (Golden Strike)*, last year’s champion came second, while *Lightning Strike*, last year’s number two, took third place.

“Tekfeners” get together

Culture and art events bring Tekfen personnel together after work, and there were plenty of these during the first months of this year.

The first event we attended was the Pera Museum exhibition entitled “Wanderer on the Sea of Light,” by the French painter Félix Ziem. The Tekfeners and their guests attending the event had the opportunity to take a guided tour of the exhibition bringing together the works of the famous 19th century artist who depicted landscapes in a lively manner with his dynamic brush style.

This event was followed by a play entitled “The Time of Pera.” Set in İstanbul’s famous historical hotel Pera Palas, the play involves the hotel rooms named after its iconic guests such as Agatha Christie, Greta Garbo, Ernest Hemingway, and Franz Joseph, as well as the Grand Pera Ballroom. The play takes its audience on a time travel with its independent stories, which involve hotel guests who are stuck in their rooms and finally succeed in leaving Pera Palas with the help of bellboys and the audience.

Most recently, Tekfeners came together for the “Port Exhibition” at İstanbul Modern. The exhibition takes up the concept of ports not only in geographical and economic terms but also in its symbolic and metaphorical import, focusing on the cultural and social life that grew around the sea and the port in İstanbul since the 19th century.



“Wanderer on the Sea of Light”
(Pera Museum)



“Port Exhibition”
(İstanbul Modern)



“The Time of Pera”
(Pera Palas)