

1938 TURKEY'S **FIRST** JOINT STOCK COMPANY, KOÇ TİCARET TŪRK A.Ş. 1951 **FIRST** TURKISH LIGHT BULB FACTORY. 1956 **FIRST** PRIVATE MATCH FACTORY, TŪRKAY. 1959 **FIRST** TURKISH WASHING MACHINE, ARÇELİK. 1963 TURKEY'S **FIRST** HOLDING COMPANY, KOÇ HOLDING. 1964 TURKEY'S **FIRST** CABLE FACTORY. 1966 **FIRST** TURKISH PASSENGER CAR, ANADOL. 1966 TURKEY'S **FIRST** LPG TANKER. 1968 **FIRST** BLACK-WHITE TELEVISION. 1969 **FIRST** INSTITUTIONALIZATION OF SOCIAL RESPONSIBILITY, VEHBİ KOÇ FOUNDATION. 1975 TURKEY'S **FIRST** PRIVATE R&D CENTER. 1975 TURKEY'S **FIRST** FIVE-STAR HOTEL, TALYA. 1979 TURKEY'S **FIRST** EXPORT OF FARM TRACTOR. 1980 **FIRST** PRIVATE MUSEUM, SADBERK HANIM MUSEUM. 1982 **FIRST** CATALYTIC STOVE, GAZAL. 1984 TURKEY'S **FIRST** DEPARTMENT OF ENVIRONMENTAL ENGINEERING. 1985 **FIRST** TURKISH DISHWASHER, ARÇELİK. 1986 **FIRST** EXPORT OF REFRIGERATOR TO USA. 1986 **FIRST** TURKISH DIESEL ENGINE. 1989 **FIRST**

PRIVATE COMPANY TO EXCEED TRILLION UNITS OF SALES, ARÇELİK. 1994 **FIRST** TURKISH COMPANY AMONG "WORLD'S TOP 500 INDUSTRIAL ENTERPRISES". 1994 TURKEY'S **FIRST** MUSEUM OF INDUSTRY. 1997 **FIRST** PRIVATE COMPANY TO RECEIVE THE NATIONAL QUALITY AWARD, ARÇELİK. 2000 **FIRST** TURKISH AUTOMOTIVE COMPANY TO RECEIVE ISO:9000:2000 QUALITY CERTIFICATION. 2001 TURKEY'S **FIRST** AUTO-

GAS. 2005 **FIRST** TURKISH COMPANY TO ENTER "FORTUNE GLOBAL 500" LIST. 2009 **FIRST** TURKISH AUTOMOTIVE COMPANY TO EXPORT VEHICLES TO USA, FORD OTOSAN.

## Content of the Report:

- Initiatives carried out by Koç Holding;
- Projects and examples of best practices conducted by the Group Companies **Arçelik, Aygaz, Ford Otosan, Koç Information Technologies Group, Opet, Otokar, Otokoç Otomotiv, Tat, Tofaş, TürkTraktör, Tüpraş and Yapı Kredi**
- Joint projects conducted by NGOs supported by the Group, The Vehbi Koç Foundation and affiliated institutions.

[www.koc.com.tr](http://www.koc.com.tr)

For more detailed information about all our activities, and for updated information beginning January 1st 2012, you may visit Koç Holding corporate website or those of the individual Group Companies and the Vehbi Koç Foundation. A PDF version of Koç Holding CSR Report is also available on our corporate website.

[gc@koc.com.tr](mailto:gc@koc.com.tr)

We welcome your feedback, suggestions and criticisms, for these are the most valuable tools we use to improve our reporting studies. To contact us, please send an e-mail to [gc@koc.com.tr](mailto:gc@koc.com.tr)

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## The Global Compact

United Nations Global Compact (UNGC) consists of 10 principles of human rights, labor conditions, environment and anti-corruption. These principles are based on a guiding perspective for businesses and organizations in order to achieve further objectives, regarding, particularly, risk management, efficiency growth, motivation and fidelity of employees, brand awareness and opening to new markets.

The Global Compact was initiated by the United Nations in 2000 and since then has been adopted on a voluntary basis. All efforts to comply with the Principles are made public through reports accessible on the UNGC website ([www.unglobalcompact.org](http://www.unglobalcompact.org)).

According to the UNGC website, currently the Global Compact has reached more than 10,000 participants from 130 countries, 6,880 from the business world and 3,150 from NGOs, trade unions, associations, foundations, local administrations and academic circles. In Turkey, the UNGC has reached 196 participants and a local network organization has been established.

## The Ten Principles of the UN Global Compact

### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and  
Principle 2: Make sure that they are not complicit in human rights abuses.

S.10-13

S.10-13  
S.13

### Labor Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
Principle 4: the elimination of all forms of forced and compulsory labor;  
Principle 5: the effective abolition of child labor; and  
Principle 6: the elimination of discrimination in respect of employment and occupation.

S.10-21

S.10-21

S.10-21

### Environment

Principle 7: Businesses are asked to support a precautionary approach to environmental challenges;  
Principle 8: Undertake initiatives to promote greater environmental responsibility; and  
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

S.22-31

S.22-31

S.22-31

S.32-33

### Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

# About the Report



Koç Holding

Enhancing the quality of life through our operations is a central objective of Koç Group Companies. We believe that to reach this goal, our responsibility to ensure social and economic development and to protect and preserve of the environment is as important as providing products and services of the highest quality. We identify this philosophy with the personal motto of our founder, Vehbi Koç, "I live and prosper with my country" and consider this to be the guiding principle for our way of doing business.

The continuous growth and development of Koç Group over the last 85 years are characterized by the ability to think the unthinkable, to see the invisible, to reach a stage never before envisioned; to add an innovative, creative and unique dimension to everything we do; and to make every value we have created permanent. Thus over the years, we have achieved what had been considered impossible: the development of globally distinctive products. Besides that, we have been leaders in establishing the best working environment, creating the most environmental-friendly products and production conditions, founding centers of excellence in the areas of healthcare, education, culture and arts serving large segments of the community.

In compliance with the principles of transparency and accountability, we believe it is essential to share a constructive communication environment with all stakeholders and to respond to their expectations and opinions while conducting our activities. For this reason, since 2006 we have been issuing Koç Group Corporate Social Responsibility Reports in order to communicate our understanding and performance regarding social, economic and environmental issues through a comprehensive and reliable framework. Each year, we seek to improve our practice by incorporating new ideas and guidelines.

Our previous report, published in April 2011, was the first GRI approved holding company CSR report in Turkey\*. As we did last year, we followed UN Global Compact COP reporting procedures and Global Reporting Initiative G3 Reporting Framework, which is a globally acknowledged standard on corporate social responsibility reporting regarding B level application requirements. In light of the positive results and responses we received, we intend to follow the same

guidance methodology for our future reporting practices.

Koç Group Sustainability Performance Evaluation and Reporting System, which we initiated last year, provides a performance evaluation infrastructure for this year's studies. During the year, we have improved this system through expert and user feedbacks; than improved the system in terms of user-experience regarding content and IT infrastructure, through information meetings. We aim to continue improvement efforts for more progress in this area.

Koç Group, the largest private sector employer owns many of Turkey's largest and most respected industrial companies. It touches the lives of millions of stakeholders of various types due to the extent of its domain and strength of its impact. Thus as we establish content basis and communication means, we take into account the spectrum of our stakeholders. The intended audience for this report encompasses a wide range of stakeholder groups, including employees, customers, shareholders, investors, NGOs and professional organizations.

This report covers Koç Holding activities and projects carried out in Turkey between January 1st 2011 and December 31st 2011. This year, our report covers practices and performances of Group Companies **Arçelik, Aygaz, Ford Otosan, Koç Information Technologies Group\*\*** Companies, **Opet, Otokar, Otokoç Otomotiv, Tat, Tofaş, Tüpraş, TürkTraktör** and **Yapı Kredi** in social, economic and environmental areas. Unless there is a statement to the contrary, apart from the sections which present the general profile of Koç Holding, the performance of all these companies is included in the data regarding sustainability performance indicators. Although the report encompasses information on corporate structure, projects and performance results regarding Vehbi Koç Foundation, unless there is a statement to the contrary, its performance is not included in the consolidated quantitative performance data, tables and charts presented throughout the report. The reporting content that we have generated represents 85.4% of Group employees and 91% of combined revenue.

\* According to the information acquired from GRI Online Reporting Database. Source: [www.globalreporting.org](http://www.globalreporting.org)

\*\* "**Koç Information Technologies Group**" doesn't represent a legal entity, but a common name for, Koç Group IT Companies, namely **KoçSistem, Callus, Bilkom, Promena, Katron, Koç Bilgi ve Savunma Teknolojileri**. Within this report, all performance and application information disclosed regarding **Koç Information Technologies Group** consisted of shared data and practices of these 6 companies.



# Message from the Chairman

Mustafa V. Koç

Dear Stakeholders,

Koç Holding - one of the driving forces of development and the largest private sector employer of Turkey - has a management style that can be best defined by such terms as creativity, innovation, productivity and institutionalization. Thanks to these characteristics, throughout our history of more than 85 years, we have worked with determination to go far beyond what is easily seen, perceived and carried out and thus we have built on our success day by day. These qualities underlie the fact that we have continuously improved our performance even during recent years which are considered economically to be one of the most turbulent periods in recent history. Today Koç Holding is amongst the world's largest corporations. We own many of Turkey's leading companies, globally respected brands and thousands of products, enhancing the quality of life for consumers. Moreover, we employ more than 80,000 people whose creativity and hard work are the basis of our success. For us, sustainable growth through lasting value is not only a business goal, but a management tradition. According to the words of our founder Vehbi Koç, "I live and prosper with my country", we believe that our most fundamental duty is to maintain sustainable growth for Koç Group and to contribute to the sustainable development of the communities that we live in, through the value we generate. For this reason, sustainable development in a wide perspective from our operations to all our impact area is our goal; we mobilize all our talent and capacity in order to achieve this.

Since its foundation, Koç Group has embraced the concept of corporate sustainability, the importance of which has gradually increased over time; and has earnestly managed the social, environmental, economic and ethical aspects of its activities and interests. Our corporate governance practices which serve as a role model for the Turkish business world are a significant indicator of our commitment to maintain a transparent and accountable management structure. Our adherence to the UN Global Compact, which we signed in 2006, is a keystone in the corporate sustainability management practices of Koç Group Companies. Koç Group Sustainability Performance and Reporting System, established in 2010, sits around an analytical framework that serves as the main structure that we use for laying

out our strategic considerations through evaluating and reporting our practices and their outcomes. In the coming years, Koç Holding will continue to pioneer practices that improve its sustainability understanding and studies.

As a result of the robust structure that we have established, Koç Group Companies improved their performance during 2011, compared to the previous year, in all sustainability performance areas particularly in terms of environmental performance. Through the careful and dedicated efforts of Koç Group employees, we have continued to register significant improvements in energy efficiency, reduction of GHG emissions and resource efficiency by employing cutting-edge technologies. As one of the European companies allocating the largest amount of resources for R&D studies, in 2011 Koç Group continued to develop the most advanced environmentally-friendly product and service options in our sectors in order to enhance life standards of our consumers.

Koç Holding regards the climate change phenomenon as the most important issue that that urgently needs efficient solutions addressing the various environmental, economic and social risks associated with it. Organizations that take a proactive and leading role in combating climate change by analyzing the situation from a multi-dimensional perspective, as required, will be able to seize many new opportunities through their capacity to steer paradigm change that the climate change will impose on economic life. Koç Holding and Group Companies, in their sectors and markets, play a leading role in combating climate change. Our Companies have obtained significant results in reducing GHG emissions from operations and products during their life cycle.

A common will representing all social stakeholders is a prerequisite to success in combating the climate change. During 2011, memberships of various Group Companies in Climate Platform of Turkey and their representation of the Turkish business world in international initiatives trying to find solutions to climate change indicate the serious, determined and influential stand Koç Group has taken against climate change.

As in the past, during 2011 Koç Group Companies have provided a safe and fair

work environment where human rights are respected and which set an example; contributing to increased performance across many indicators Group Companies have also contributed to the development of the communities in which they operate, in the areas of education, healthcare, sports, culture and arts and environment, reflecting our corporate culture.

In 2011, I am proud to report that we improved our performance in corporate sustainability, thus fulfilling our responsibility to our stakeholders. I would like to express our gratitude to all stakeholders – particularly to our employees, customers, investors, suppliers and business partners – for supporting us in order to obtain these achievements.

Respectfully,

Mustafa V. Koç  
Koç Holding A.Ş.  
Chairman



# Message from the CEO

Turgay Durak



Distinguished Stakeholders,

Throughout the last 15 years, the rapid transformation of the world economy into a global structure has increasingly intertwined with social, economic and environmental challenges. As global actors lagged behind in addressing the new global economic and financial phenomena a major global economic crisis erupted. Despite the adverse consequences of challenging period, we believe that positive results will emerge from the process of discussing and redefining the main components of the new economic order on a global scale and the assignment of new roles to economic actors.

A major question facing economic actors, including businesses, is how to provide a fast growing world population with the life standards they deserve without compromising future generations' social, economic and physical life conditions. Another central concern is how to reach a level of global development level necessary to support this immense production environment. While seeking viable solutions for these challenges, we must not ignore the major role that climate change, one of the most important issues of our days, holds within this emerging portrait. Koç Group, plays an important role in the world economy and is ready to respond to the demands of this new era through its long-established corporate values; its governance framework structured by commitment to the principles of accountability, transparency, participation and superior business ethics; its visionary, creative and innovative organization; and its determination to play a pioneering role in the sustainable development of the communities in which it operates.

Koç Group has promptly perceived this transformation thanks to its experience, robust risk provisions and solid corporate governance; and promptly improved corporate policies, strategies and systems in line with the requirements of this new era maintaining a trend of sustainable growth during this challenging term.

Since the signing of the UN Global Compact in 2006, we have been strengthening our corporate sustainability model and supported this effort in 2011 by improving the sustainability management system as well as publishing our Koç Group Climate Change Strategy. Our efforts in all progress areas have yielded success in terms of operational and financial performance.

We have achieved significant gains through the efforts made by Group Companies to improve environmental and operational efficiency. During last year, increases in production were accompanied with reductions in energy consumption, by 3.37 million GJ and greenhouse gas emissions by 348.6 thousand tons CO<sub>2</sub>e.

We obtained good results through the efforts of our Companies regarding resource consumption efficiency and recycling. The Koç Group Recycling Project initiated in 2010 resulted in the recycling of 1,600 tons of paper, 52 tons of glass, 32.3 tons of metal and 217 tons of plastic waste in 2011. As a result of these activities, our Companies substantially reduced their environmental impact as well as contributing to a large degree to financial performance through the efficiency gains they achieved.

Environmental-friendly product development activities for our Companies make up the majority of R&D studies conducted in 2011 with a total budget of TL 490 million. As a result, our Companies have developed tens of new products and services which provide the greenest options in their categories and reduced impacts of existing products; while giving them a competitive edge.

Last year was a year when Group Companies again gave their full-fledged support to community activities; 248 charitable sponsorships and other projects were supported, 89,140 saplings were planted. A total of 22,499 Group employees volunteered in these activities.

We thank all our stakeholders particularly Group employees, dealers, customers, shareholders and suppliers for their support which made 2011, our 85<sup>th</sup> year such a success.

Respectfully,

Turgay Durak  
Koç Holding A.Ş.  
CEO

# Koç Group in 2011

Koç Group is the largest industrial conglomerate of Turkey. According to Istanbul Chamber of Industry's "Turkey's Top 500 Industrial Enterprises 2010" listing, five of the top ten companies are Koç Group Companies.

## Energy

### Main Companies

Tüpraş\*  
Aygaz\*  
Opet  
Mogaz  
Entek  
Eltek  
Aygaz Doğalgaz  
Akpa  
Demir Export

### International Alliances

AES Mont Blanc Holdings B.V.  
Fuchs Petrolub AG

## Automotive

### Main Companies

Ford Otosan\*  
Tofaş\*  
TürkTraktör\*  
Otokar\*  
Otokoç Otomotiv

### International Alliances

Ford Motor Co.  
Fiat Auto S.p.A  
Case New Holland

## Consumer Durables

### Main Companies

Arçelik\*  
Arçelik-LG Klima

### International Alliances

LG Electronics (Klimada)

## Banking and Insurance

### Main Companies

Yapı Kredi Bankası A.Ş.\*  
Yapı Kredi Finansal Kiralama\*  
Yapı Kredi Sigorta\*  
Yapı Kredi Yatırım Ortaklığı\*  
Yapı Kredi Koray\*  
Yapı Kredi Emeklilik  
Yapı Kredi Faktoring  
Yapı Kredi Yatırım  
Yapı Kredi Portföy Yönetimi  
UniCredit Menkul Değerler  
Koçfinans

### International Alliances

UniCredit

## Other

### Main Companies

Tat Konserve\*  
Düzey  
Koçtaş  
Setur  
Setur Marinaları  
Mares\*  
Divan  
KoçSistem  
Bilkom  
RMK Marine

### International Alliances

B&Q  
Kagome Sumitomo  
Kaneka Seeds

\* Listed companies

## 11% of Turkey's Total Export

Koç Group has generated a combined financial revenue equivalent to 9% of Turkey's national income.

56

Number of Facilities  
Certified with  
OHSAS 18001

22,499  
EMPLOYEES

Number of Employees  
Volunteered for  
Social Projects

62

Number of  
Facilities Certified  
with ISO 14001

203.5  
TL MILLION

Environmental  
Protection Expenditures  
and Investments

248

Number of Charitable,  
Sponsorships and  
Other Social Projects

58,640

Saplings Planted for  
Reforestation

One of the World's Largest

250  
Companies

In 28 countries

80,987 employees

67,837.3 man x hours

Environmental Trainings Provided to Employees



One of the World's Largest

250

Companies in Fortune 500 List

Koç Holding is the only Turkish corporation in "Fortune Global 500" list. Koç Holding advanced its ranking to the largest 250 companies in 2011.

Koç Group is the largest industrial conglomerate of Turkey. According to Istanbul Chamber of Industry's "Turkey's Top 500 Industrial Enterprises 2010" listing, five of the top ten companies are Koç Group Companies.

World's

562<sup>nd</sup> Largest R&D Investor

Koç Holding was listed among the world's top companies by R&D investment according to the "EU Industrial R&D Investment Scoreboard" for 6 consecutive years rising to 562<sup>nd</sup> place in 2011. Of the 4 Turkish companies on the list, 3 are Koç Group Companies.

Koç Holding was listed among the top 23 new global challengers on Boston Consulting Group's "2011 BCG Global Challengers: Companies on the Move: Rising Stars from Rapidly Developing Economies Are Reshaping Global Industries" Report.

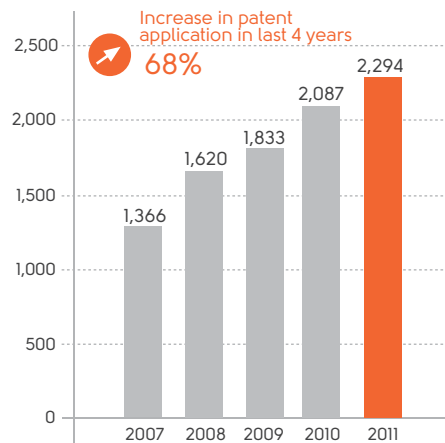
Koç Holding was rated as "one of the international companies with the most competitive power in China" by China International Institute of Multinational Corporations (CIIMC).

Four of the top ten companies in Turkish Exporters' Assembly's "Top 1,000 Exporters of Turkey" listing in 2010 are Koç Group Companies.

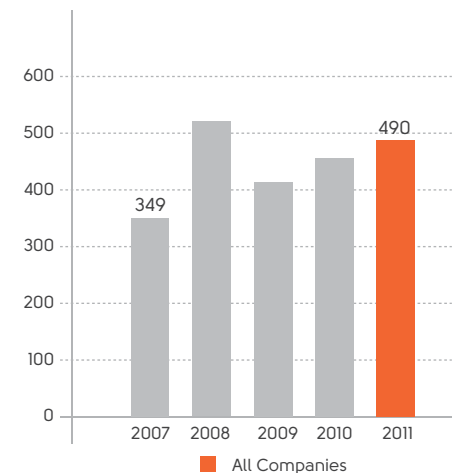
#### Koç Holding Consolidated Financial Summary

Values (TL Million)	31-Dec-10	31-Dec-11	Change (%)
Consolidated Revenues	53,812	75,741	41
Gross Profit	9,192	11,160	21
EBITDA	5,066	6,525	29
Operating Profit	4,102	5,490	34
Profit Before Tax	3,886	4,707	21
Net Income	3,138	3,850	23
Minority Interest	1,404	1,726	23
Equity Holders of the Parent	1,734	2,124	22
Total Assets	81,143	98,621	22
Total Equity	20,978	23,271	11
Shareholders' Equity	12,574	13,897	11

#### Koç Group's Patent Portfolio (Cumulated Quantity)



#### Koç Group's R&D Investments (TL Million)



20.5%

Percentage of Recycled Water in Total Water Usage

3.37  
million GJ

Total Energy Saved

348.6  
THOUSAND TONS  
Total GHG\* Emission Reduction

\* Greenhouse Gas

# Governance at Koç

## Corporate Governance at Koç

As an integral part of our Group culture, principles such as integrity, respectability, ethical behavior, compliance with laws and regulations, constitute the backbone for efficient and robust corporate governance structures of Koç Holding and the Group Companies. Essence of institutionalization was perceived, way before taking its current significance as a management approach thanks to the visionary perspective of our founder Vehbi Koç; thus became essential goal for Group Companies. For the aforesaid reason, Koç Holding has become one of the first companies attempting voluntary efforts in order to reach ultimate standards in corporate governance. For instance, Koç Holding is one of the first Turkish companies keeping independent members in its board of directors, correlating the remuneration of its senior management with sustainable financial and operational performance. Exhibiting a transparent, fair, responsible and accountable management approach, and displaying full compliance with regulatory rules regarding organizational structure, policies and processes are amongst principles that Koç Holding and Group Companies are required to adhere to at all times.

Koç Holding and Group Companies strictly attached to institutionalization as a prerequisite of Group values, are duly adopting such "Corporate Governance Principles" issued by the Capital Market Board (CMB), implementing the same to a major extent, and are striving to enhance such level of implementation. As a part of these works, such Corporate Governance Compliance Report that we prepare every year in order to share the developments with respect to our compliance status is presented to our stakeholders together with our annual report. Of our Group Companies traded on the stock exchange, **Arçelik**, **Aygaz**, **Otokar**, **Tofaş**, **TürkTraktör**, **Tüpraş** and **Yapı Kredi Bank** are receiving corporate governance ratings at regular intervals, and as a consequence of the high grades received, are being traded under Corporate Governance Index.

### Board of Directors

Board of Directors structure of Koç Holding is in harmony with such Corporate Governance Principles set forth by CMB. Koç

Holding, with professionals successful and reputable in their respective areas on the international arena, in its board of directors as independent members, has been one of the pioneering Turkish companies in this respect, whereby in our board of directors other than the Chief Executive Officer (CEO), none of the members assume active duties in execution. In 2011, of the 14 Board of Directors Members, 4 met the independence criteria specified under CMB principles, whereas 1 possessed criteria other than the condition for office term. Koç Holding's Board of Directors Chairmanship and CEO functions are being conducted by different individuals.

For Board Membership positions of Koç Holding, it is selected at all times individuals equipped with an ultimate level of knowledge and skills, who are well-qualified, with a particular past experience. Biographies of our Board Members are announced to the general public on our Web Site as well as in the annual report. In our Company there are committees established with the purpose of ensuring that the Board performs its duties and responsibilities in a sound and healthy manner.

### Management Committee

The purpose of the Management Committee is to support the Board for discharging its duties and responsibilities in a sound and healthy manner and for undertaking its activities as fast as the business life requires. Management Committee comprises of five members, namely Koç Holding Honorary Chairman, Koç Holding Chairman, two Vice Chairmen and the CEO.

### Audit Committee

Audit Committee is performing duties specified under Capital Market Legislations with respect to audit committee. In this context, it is dealing with our Company's accounting system, disclosure of the financial data to the public, independent auditing of the same, as well as surveillance of the functioning and effectiveness of the internal control system of the company. The Committee meets no less than four times annually and more frequently whenever so required. The responsibility of the Audit Committee, jointly with the company management consists of diligently carrying out internal as well as external audits alike, and ensuring that records, procedures and reporting are in compliance with the relevant laws, rules and regulations, and further to the principles of CMB and IFRS. Audit

Committee is comprised of the Chairman of the Committee and non-executive members.

### Corporate Governance Committee

Corporate Governance Committee monitors the compliance of the Company to Corporate Governance Principles, reviews the reasons put forward for not implementing certain principles and makes recommendations to the Board of Directors with respect to improvement measures. At present, there are 2 members in the committee, one of which is the chairman. The Committee meets two times annually and more frequently whenever so required. Duties assigned to Nomination Committee, Risk Provision Committee and Remuneration Committee in accordance with CMB's Corporate Governance Principles are performed and carried out by the Corporate Governance Committee.

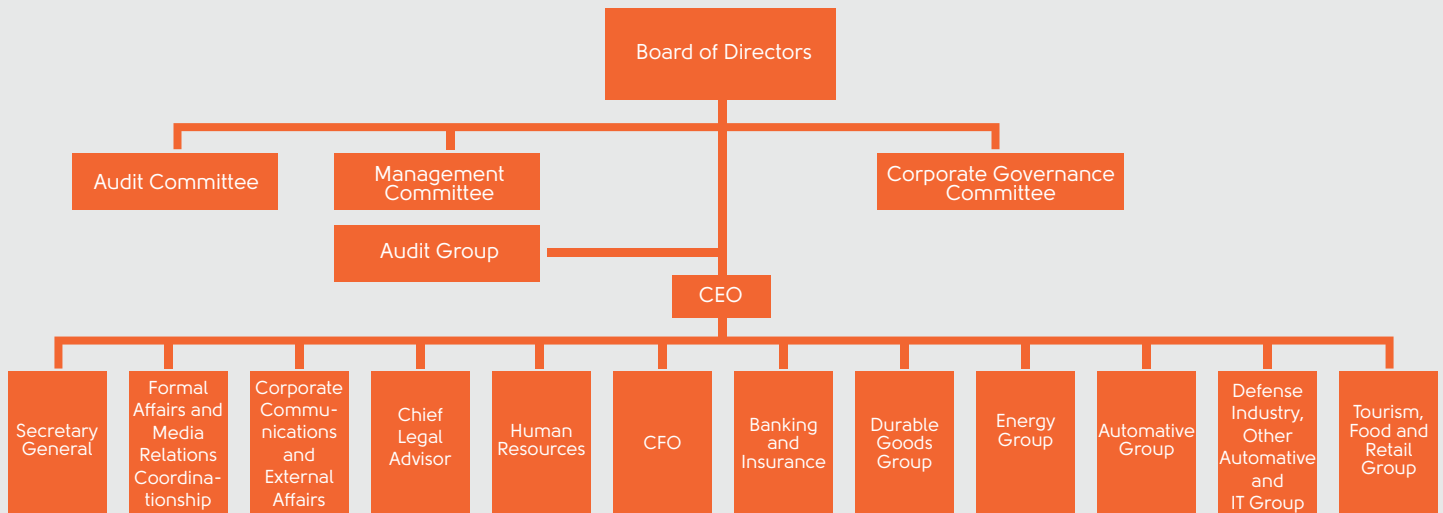
## Sustainability Management at Koç

Koç Group's sustainability management is referring basically on its corporate governance structure, business ethics and social responsibility culture, as well as United Nations Global Compact, signed in 2006. It is obliged to abide by such 10 principles set forth under the said agreement, under pillars of working conditions, human rights, the environment, and anti-corruption, the policies and strategies set forth by Koç Holding, over all operational geographies of the entire Group Companies. Group Companies are monitoring and reporting the performance in these areas, and conducting continuous improvement focused studies.

### Strategic Planning

All Koç Group Companies, under strategic planning process they realize every year, conduct comprehensive evaluations for the minimum 5-years period ahead, with respect to market conditions, possible regulatory changes, environmental circumstances, elements of competition, customer expectations, technological innovations, channels of distribution, as well as characteristics of products and services. In parallel to the vision of the company, strategies and targets with respect to the status determined are specified, and the investment plans as well as financial analyses in order to attain such targets are prepared. Group Companies present such plans they prepare to the CEO and the relevant Group Presidents in the Strategic Planning meetings held every year.





### Risk Management

Studies on risk analysis and management of Koc Holding are conducted under the leadership of Presidency of Finance, in cooperation with other Presidencies. By means of meeting and reporting activities periodically, risks that are probable to be encountered by Koc Holding are inquired under the main titles of financial risks, strategic risks, operational risks and legal risks, and are subjected to a comprehensive and detailed assessment.

### Quality and Management Systems

Koc Group Companies carry out their activities by adhering robust management systems. Therefore, they attach great importance to excellence models and system standardization, and they keep following current approaches.

To strengthen management structures, besides commonly accepted methodologies, Group Companies include sector specific systems and standards to their management systems, and they maintain system reliability by periodical external audits. Commonly accepted management system standards amongst Group Companies are ISO 9001 Quality Management System, ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety System standards. In customer complaints management processes ISO 10002 and in laboratory quality management ISO 17025 systems standards are followed. Besides those, various managerial efficiency and product compliance standards and methodologies varying according to sectoral characters are followed. Most of the Group Companies are following EFQM and 6 Sigma excellence methodologies.

### Management of Social and Economic Issues

As we believe that human resources are our most valuable asset, Group Companies provide employees with safe and fair workplaces where human dignity remain at the forefront; human rights are maintained; the Professional development of employees are supported, and equal opportunities for their development are provided. Human resources policies and strategies set forth by Koc Holding are shaped and monitored by the Group Companies through and by means of customizations made in accordance with the characteristics of the sectors they are operating in. Under such

personnel regulations published by the Companies, principles with respect to such matters like social rights of the employees, working conditions, occupational health and safety are specified, these are governed by the systems and procedures established, the implementation as well as results of performance attained are followed-up at the Company and Holding levels. Human rights, primarily right to association, are secured under policies and procedures regulated pursuant to the national legislations in practice as well as international conventions, preemptively the relevant provisions under United Nations Global Compact, and within framework of the activities of the Group Companies, discrimination, child labor, forced and compulsory labor practices are avoided. Group Companies expect their suppliers and business partners to meet similar operational standards by realizing follow-ups, thereby contribute to the attainment of the aforesaid conditions within scope of their field of impact. Under Group Companies, human resources policies and processes are managed by units with adequate expertise, whereby organs are constituted with the representation of employees, primarily in the field of occupational health and safety.

Koc Holding Code of Ethics and Business Conduct, published in 2010, regulating the relations of the employees with the customers, the state, shareholders, competitors, suppliers, agents, authorized dealers and services, is binding for all Group Companies. With this regard under all of the Companies, Code of Conduct Boards have been established in order to audit breaches and to ensure compliance.

Koc Holding and Group Companies, regarding their marketing and brand communication, advertising and promotion activities, pursue follow-up motives based on the concepts of Leadership, Optimism, Solidarity and Value Creation, which are the four integral values of the Koc brand. For these efforts, Companies have duly adopted the principles of acting in an ethical, honest, socially responsible and decent manner, avoiding any misleading.

### Management of Environmental Issues

Koc Group has generated an environmental policy, vision with respect to the environment as well as a Climate Change Strategy that are providing guidance to all of the Group Companies regarding

environmental issues. "Environmental Council", established upon participation of the Group Companies, is involved with activities regarding implementation of policies and strategies as well as diffusion of the same in the Companies. With Respect to Koc Group Environmental Policy and Visions, environmental issues are subject to target distribution process in every Group Company. Environmental audits are carried out at specific intervals and by assigning environmental targets set in accordance with the policies and strategies to Companies' senior managers essence ascribed to this matter is further emphasized.

### Sustainability Performance Management

Maintaining corporate sustainability at Koc Group Companies is the main target of Koc Holding. In parallel to such goal, we have started to monitor on an objective methodology basis, our managerial approaches developed in the respective areas of social, economic, and environmental responsibility, through and by means of Koc Group Sustainability Performance Assessment and Reporting System that we put into practice in year 2010. Through the feedbacks we received in the initial year of implementation, in 2011, we have improved the system in order to enhance user experience; we organized user acknowledgment activities with respect to contents and IT infrastructure, and prepared a user's manual to facilitate the follow-up of the context of performance assessment. By including Group Companies' Audit Department representatives into the performance assessment and reporting process, we have made data approval processes more efficient. By means of the second period user feedbacks received, we are targeting to develop and improve Koc Group Sustainability Performance Assessment and Reporting System in the coming term as well.



Ford Otosan and TürkTraktor Employees

## Our Stakeholders

Koç Group has adopted as a managerial principle within framework of its approach concerning sustainability, to generate a constructive ambient of communication with those individuals and groups that have an impact on the behavior and attitudes regarding economic, social and environmental aspects of its activities, or who are liable to be influenced from. In this context, corporate stakeholders of Koç Holding and the Group Companies are defined and identified through impact assessment. Due to its affiliations, Koç Holding is in interaction with a broad range of stakeholders. Major stakeholder groups of our organization are shareholders, companies, employees, agencies and dealers, customers, civil society organizations and public agencies. The fundamental principles in identifying corporate stakeholders with which to develop cooperative relations are: honesty, respectability, ethical behavior, and compliance with laws and regulations. In addition to all of these principles, the primary criteria that are considered with regard to cooperative ventures and business to be developed are their sustainability, the extent of innovation and creativity, the potential for creating a multiplier effect and added value in the social arena. Stakeholder engagement activities include all practices with respect to one-way as well as two-way feedback methods, mutual discussions, bilateral as well as multi-lateral engagements, project-based partnerships and such similar engagements.

Department of Investor Relations responds to the inquiries coming from any existing and potential stakeholders, verbally, in writing or via e-mail according to the method of receiving such inquiries. The questions received are predominantly related to the operations of the Companies, their shareholding status as well as plans with respect to the future. Further, on the day when the quarterly financial results are announced, by arranging an online broadcast, a presentation is made to the investors and analysts; questions raised by the same are answered with due participation of the Senior Management; and podcasts and minutes of meetings together with the records of the questions asked and the answers given are published on the Koç Holding website. You may access to the data provided in these meetings, transcripts of the questions conveyed from

the following link:

[www.koc.com.tr/en-us/Investor\\_Relations/FinancialStatementsStatistics/Web\\_Casts/Pages/Web\\_Casts.aspx](http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/Web_Casts/Pages/Web_Casts.aspx)

Through our General Assembly meetings being open to all stakeholders, data provided in detail on our website, our comprehensive annual reports, press releases and our practices regarding transparency focused public disclosure policy, it is aimed to keep informed not only the shareholders, but all other stakeholders.

Major information, changes in management and press releases are issued on intranet portal that is open to the access of Group employees, critical announcements as well as messages of the Holding's senior management are being transmitted and conveyed to all employees via e-mail. Furthermore, in order to enhance communication with our employees, a periodic internal magazine also followed by public audience, namely "Bizden Haberler" - News From Us - is being published.

Group Companies are organizing wide range of meetings in the course of the year with both the dealers as well as the suppliers, and thereby providing for mutual exchange of opinion. Studies are made on the proposals derived as a result of these meetings. Besides, Koç Holding Chairman, CEO and senior managers attend to "Anadolu Buluşmaları" - Anatolian Rendezvous - meetings launched for bringing Group Companies with their dealers together in order to generate new ideas; hence, the dealers are kept informed about the current developments within the Group, and their first-hand opinions are received.

Targets regarding dealer and customer satisfaction are reflected over the performance targets of the companies' management. Whereas in monitoring of the performance, satisfaction survey results are used. Moving from the essence of the relationship between company-dealer-customer, satisfaction of the dealers from their affiliated companies are being monitored and followed-up. Dealer Satisfaction Survey, eighth of which carried out in year 2011 by an independent research company, is covering about 5,600 dealers of the Group Companies in 81 cities throughout Turkey. Whereas Customer Satisfaction Survey carried out since 2003 is

in the widest scoped final consumer survey realized in Turkey, conducted in over 20 different sectors. 26 brands owned by 11 Koç Group Companies and 103 competitor brands are included in the survey. Results of such survey conducted through approximately 40,000 face-to-face interviews made in 47 cities best representing Turkey's demographics, are being shared with top and mid-managers of Koç Holding and Group Companies.

Group Companies are conducting continuous improvement activities in order to further improve customer satisfaction and loyalty levels; carrying out communication studies through various channels open for easy access of customers such as call centers. Performance achieved as a result of these activities is monitored through various practices like customer polls, face-to-face interviews, and secret customer applications.

### Opet's Journey to Excellence

Opet, the fuel sector leader for six consecutive years according to Turkish Customer Satisfaction Index describes the position it has attained with the motto "Journey to Excellence". Customer satisfaction improvement works are supported by training of the dealers' employees and service development activities, measured through applications like Honorary Inspector and secret customer practices. Besides traditional customer communication channels, Opet customers are able to transmit their suggestions, expectations and complaints to the company's managers via innovative channels such as Full message SMS application, dealer kiosks, mobile device applications and Ambassadors of Excellence Hotline through which Honorary Inspectors can convey their inspection results and recommendations on 7/24 basis. At Opet Customer Service Call Center, 98% of incoming calls are responded.

As a result of brand based customer loyalty index survey carried out in year 2011, in white goods category, Arçelik brand exhibited a performance of 80%, and Beko brand 82%, thereby succeeding to attain a performance over average performance recorded in Turkey. Whereas in the category of LCD/Plasma Television, Arçelik and Beko brands exhibited a performance of 82%, above average performance in the sector and Turkey in general. Arçelik brand reached the best performance in the air





# Human Rights at Koç

*"I hope that countries and people will build closer relationships with each other and generations after us will be living peacefully in a prosperous world."*  
Our Founder Vehbi Koç

Koç Group places great importance on the protection of internationally proclaimed human rights, promoting them in every business process and raising the respect shown to human rights. In line with this, human rights are a critical element in all our activities. As in other areas, it is important for us to do what has not been done and to be a pioneer in the development of respect for human rights.

In adherence with its concept of human rights, Koç Group acts with respect for human rights principles as determined by national regulations and international treaties and does not permit human rights violations at its workplaces. As Koç Group, we work to extend the practices that comply with human rights for all our stakeholders in the value-chain that we have created and particularly for our employees. We continuously work to develop this awareness.

One of the most important aspects of protecting and supporting human rights is "anti-discrimination." Koç Group does not practice any discrimination based on language, ethnicity, gender, political view, philosophical view, religion, denomination or on any other matters in business processes and business relations. The Group shows respect for diversity in these matters. There is no discrimination in the recruitment process as specified by the Labor Law; candidates are recruited for according to their competencies and qualifications. In the same vein, there is no discrimination in the remuneration or performance evaluation processes. Relevant evaluations are made in a fair system that considers competencies, performances and responsibilities.

The most important criterion for determining the salary levels is the employee's duties and the responsibilities. The salaries and other financial benefits of union member employees are specified in the Collective Bargaining Agreement signed at the conclusion of collective bargaining conducted with the unions that employees adhere to. The compensation levels of non union member employees are evaluated with a system taking into consideration the difficulty of the job being performed, the level of knowledge and skill used in the performance of the job and the responsibilities that are assumed. In all these practices, fair and competitive opportunities are provided to our employees when compared to current labor market.

Unless required due to reasons related to the nature of the job, such as the risk entailed by the job, employee safety or legal obligations, there is no different process carried out directly or indirectly due to biological reasons in formulation, practice and termination of employment contracts and relevant conditions.

Our sensitivity towards the protection of human rights requires both the Group Companies and the suppliers to comply with the relevant subjects. As a result of this understanding, in Koç Group neither child labor nor forced/compulsory labor is employed.

We support the importance given to these practices with the principle found in the article 3.8.2 of the Koç Group Code of Conduct which states, "Acting in accordance with the principles specified in the United Nations Global Compact, and being an example of corporate citizenship with our employees, dealers, suppliers and authorized service centers." Written commitments are obtained from suppliers and compliance with this issue is strictly monitored.

## Occupational Health and Safety at Koç

The most important determinant of the sustainability of our job and our most important asset is our human resources. For this reason, Koç Group gives great importance to continuous improvement on occupational health and safety; and development of workplace conditions. For this purpose, Occupational Health and Safety Coordination Board has been established for monitoring occupational health and safety practices, mainstreaming best practices and for revision studies.

Besides Occupational Health and Safety Coordination Board of the Group, Occupational Health and Safety Committees have been established in industrial corporations affiliated with Koç Group. In the periodical meetings, Committees review company practices. Through these practices and supervision, health and safety of Group employees are ensured.

Group Companies follow a proactive approach regarding occupational health and safety, conduct risk assessment studies in order to prevent possible occupational

hazards. As a result of these practices preventive measures are maintained; employees are subject to trainings in order to raise a common awareness.

Among the 74 facilities\* that are owned by the companies in the reporting scope, 56 are certified with OHSAS 18001 "Occupational Health and Safety Management System." As of 2011, 75% of our facilities are certified with OHSAS 18001.

In order to contribute realization of efficient considerations within Occupational Health and Safety Committees in which health and safety processes are evaluated and areas of improvement are determined, feedbacks and opinions are received from our employees and union representatives.

\*Yapı Kredi's operational sites are not included to the calculation scope.



56

Number of facilities certified  
with OHSAS 180012,514,194  
MANxHOURTotal amount of trainings  
given to employees

37,400

Total number of people  
received vocational training

The structure of the Occupational Health and Safety Committees that facilitate the monitoring of the relevant programs and make recommendations in this regard is provided below:

GROUP COMPANIES	Number of Active OHS Committees	Number of Employee Representatives Working in OHS Committees	Total Number of Active OHS Committee Members
Arçelik	10	28	136
Aygaz	3	3	27
Ford Otosan	4	5	99
Opet	4	12	53
Otokar	1	5	14
Otokoç Otomotiv	21	21	172
Tat	11	19	67
Tofaş	9	9	95
Tüpraş	5	9	97
TürkTraktör	1	4	22
Yapı Kredi	0	0	0
Koç Information Technologies Group	2	10	24

In **Arçelik**, all new recruits are subject to medical examinations; all employees have periodical check-ups and return-to-work examinations after recovery terms. Besides, all the employees are provided with the polyclinic and emergency services, as well as healthcare consultancy.

In reporting period trainings are organized for employees regarding negative effects of exposure to vocational and social noise, back and neck health, healthy diet, quitting smoking, using personal protective materials, working with equipments with screens, heavy-lifting and carrying, ergonomics, first-aid certification, auditory protection as well as mouth and dental health.

2,525 **Arçelik** employees have participated in the Turkish Red Crescent' campaign for blood donations.

In the scope of the collective bargaining agreements signed with the labor unions, relevant provisions are employed in health and safety topics. Together with this, union representatives participate in the Occupational Health and Safety Committee meetings.

In **Aygaz**, medical examinations at

recruitment, flu vaccines, eye screening, lung x-ray, function tests and porter examinations are provided for employees. Private group health insurance at corporate rates is provided for the employees, their spouses and children upon request.

Occupational health and safety issues are defined within the scope of collective bargaining agreements signed with the Türk Metal Union and Seafarers' Union of Turkey.

Improvement practices are carried out according to the evaluation of the recommendations and complaints of employees in these matters.

Within **Ford Otosan**, employees are given medical examination upon recruitment. Besides, all employees are given periodical medical examination every year. "Healthy Days Seminars" are organized that are open to the public, employees and their relatives. Throughout the year, employees are vaccinated against flu.

Union representatives are invited to Occupational Health and Safety Committees and solutions are found for the topics that they bring forward. Suggestions regarding the Occupational Health and Safety are given special attention in the

suggestion/improvement system in the company and these suggestions are rewarded at the end of the year.

In **Koç Information Technologies Group**, periodical medical examination practices are carried out after the first medical examinations upon recruitment. Audio examinations are maintained once a year for the employees working with headsets. Eye screening and ear-nose-throat examinations are held once a year. Employees who work in lead base soldering, are examined every three months and all other employees are examined once a year by the company doctors.

During the reporting period, employees have provided with various healthcare services such as vaccinations against flu, Hepatitis B, HPV viruses; audio tests, ear-nose-throat examinations, eye screening and blood work.

All new recruits who will work at the **Opet** Headquarters are requested to provide health reports. Employees, who will be working in heavy and dangerous duty, are requested to provide health reports indicating that they are "eligible to work in heavy and dangerous duties". All new recruits who will work at facilities and terminals are subject to medical examinations either by company doctors or by general hospital before starting to work. Besides, every October, employees working at Headquarters and at all other regions are vaccinated upon their request against flu.

Occupational Health and Safety Committees meet periodically and take suggestions and opinions raised by employees of all level into consideration.

As required by the OHSAS 18001, all the employees are expected to give their opinions, remarks and contributions regarding the occupational health and safety. Feedbacks regarding every facility are considered in the implementations. Besides, via the employee representative, these topics are considered in the meetings of Occupational Health and Safety Committees. OHSAS 18001 system assessment and the planned activities are evaluated in Management Review Meetings in which the General Manager and the other managers participate in.

71

Total number of active  
Health and Safety  
Committees in reporting  
scope companies

Tüpraş İzmit Refinery

**Otokar** employees are required to prepare health reports before starting to work. Together with this, medical examinations before starting to work are done by the company doctor with regard to the health reports. All the employees are given periodical medical examination and they go through lung x-rays. For employees who work in risky environment, necessary laboratory examinations, audiometric assessments, respiration functional tests are carried out. In the workplace, articles of collective bargaining agreement concluded with Türk Metal Union are strictly applied.

The Union and the employee representatives take part in the Occupational Health and Safety Committee. The Union's and employee representatives' opinions, suggestions and complaints are taken into consideration in the meetings in which the senior managers participate in.

**Otokoç** employees receive medical examination by the workplace doctor upon recruitment. Employees, who will be working in the service section, are requested to provide health report indicating that they are eligible to work in heavy and dangerous duties while other employees are requested to bring health report and lung x-ray report.

Employees' complaints and suggestions are evaluated in the occupational safety meetings. By this process, with the participation of employee representatives, representation of employees is ensured.

At **Tat**, employees are medically examined upon recruitment and health reports are also requested. Besides these practices, health insurance with employee contribution is also provided for **Tat** employees and their families.

Occupational health and safety topics are also covered in the collective bargaining agreement concluded with the TekGıda-İş Union.

Besides the medical examinations practiced upon entrance at **Tofaş**, hemogram, urinalysis, lung x-ray, electrocardiogram, respiratory function test, blood sugar test, audiometric control, liver enzymes, blood type detection and psychiatric examination is realized. Besides, employees are also provided with periodical and other necessary examinations and treatment possibilities. Occupational health and safety related

topics covered by collective bargaining agreement concluded with Türk Metal Union are implemented.

At **Tofaş**, employees can actively use systems in which they state their opinions, complaints and suggestions on occupational health and safety issues. Union and employee representatives can actively participate in the Occupational Health and Safety Committee and convey their opinions. Besides, all employees can use and give feedbacks to systems such as Individual Risk Notice, SMAT Audit, Risk Analysis with AB Approach, Forum Theatre, Occupational Safety Captain, Unsafe Condition Hunting, WO and YTL occupational safety check lists, Dojo Occupational Safety and Dojo Ergonomics training areas. With these systems and practices, employees can report all the unsafe conditions and behaviors they face in the field and give suggestions to improve the condition. By this way, zero unsafe behavior is targeted.

Suggestions/opinions and complaints received from the employees are monitored in the system. Suggestions and detections both from the units and the senior management which could not be solved are monitored in the system. Decisions are made to solve these problems and to allocate budget. These feedbacks from the employees are taken into consideration within periods of 3 months, 6 months and annually and encouraged through rewards.

**Tüpraş** requests health committee report from a hospital when employees first start to work. Together with this, every year employees receive periodical medical examination, blood test, urinalysis, audiogram and chest x-ray. Examinations, investigations and treatment of the employees and their families are realized by the workplace doctor. Every year in September and October, employees receive free flu vaccination service and their families receive this as a paid service. Employees and families living in the company lodging receive training on health issues. Bacteriological analysis for drinking and utility water is done once a week in the operational field and in the offices.

Occupational health and safety topics covered by collective bargaining agreement concluded with Turkish Petroleum Chemical Rubber Workers Union for the 01.01.2011-31.12.2012 period are implemented

in workplaces.

Union and employee representatives participate in the occupational health and safety committee which is required to be organized every month according to related regulations. During this process, the opinions, suggestions and complaints of Union and employee representatives are registered in the minutes of the meetings and these are taken into consideration by the Board of Directors. Following an assessment of the opinions/suggestions and complaints, all employees are notified of the conclusions that are reached via the intranet portal, or for those employees without computer access, these are sent to a common unit/facility e-mail account or posted on bulletin boards for safety environment quality .

Systems such as, Near Miss, Unsafe Act and Condition Reporting, Comprehensive Work Permit Systems, Job Hazard Analysis, Last Minute Risk Assessment, Incident Investigation, Lessons Learned from Incidents Bulletins, On the Job Safety Talks, Safety-Environment,-Quality basic and refreshment trainings, Process Hazard Analyses (HAZOP,What if Checklists etc.), Change Management System, Behaviour Based Safety Audits are conducted by managers and line supervisors. Contractor Health Safety Environment Management System are successfully conducted for monitoring, selection, evaluation of performance and for encouraging all employees and contractors in **Tüpraş** to enhance awareness and systematical control.

**TürkTraktör** has "New Hire Examinations" conducted for a total of 987 new recruits in 2011. The examinations included a respiratory function test, an audiogram and a chest X-ray. All employees receive polyclinic service. Families do not receive a direct examination service however receive consultancy.

# 45,494

Total number of employees covered by Collective Bargaining Agreements



Aygaz Filling Facility

Occupational health and safety issues are announced to the employees and implemented within the scope of collective bargaining agreement signed with the Türk Metal Union. Four blue collar employees perform as representatives in the Occupational Health and Safety Committee and they share their views.

**Yapı Kredi** requires a committee report from a general State Hospital for Call Center Supervisor positions indicating that the candidate has no impediment to work at night. In the hiring of people with disabilities, a health report obtained from a state hospital indicating the status and degree of disability is required.

Employees, their spouses and the children for whom they are responsible are covered by private group health insurance. Medical expenses not covered by the Private Group Health Insurance are paid by the Bank Retirement Pension Foundation. Furthermore, a health certificate is issued by the Bank Retirement Pension Foundations for parents not covered by social security if this is documented with official papers and they can take advantage of health services under this coverage.

In the scope of collective bargaining agreement signed with the Bank and Insurance Workers Union, there are articles regarding the occupational health and compensation for death and disability resulting from job-related accidents.

## Labor Union Rights at Koç

We believe that maintaining a continuous, reliable and constructive social dialogue is essential for industrial relationships and for the protection of peace at work. In this respect, our commitments to voluntary initiatives and regulations both at national and international level make importance we give to the relationship level with the unions visible. Koç Group does not show any noncompliance with the relevant local laws and regulations in the countries that it operates while respecting freedom of unionization and collective bargaining of employees.

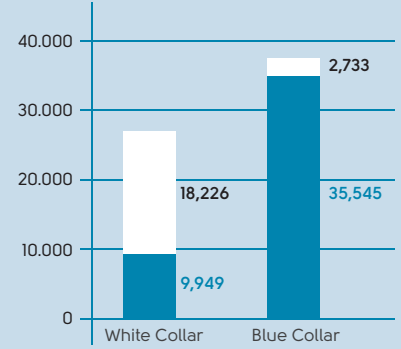
From this respect, 45,494 employees in more than 32 workplaces of 14 companies in the Koç Group are union members. In these workplaces, collective bargaining agreements are concluded after negotiations with the authorized unions

(Türk Metal Union, Petrol-İş Union, TekGıda-İş Union, Seafarers' Union of Turkey, Dok Gemi-İş Union, Mineworkers' Union and Bank and Insurance Workers' Union). Our employees can be elected for the managing bodies in employee and employer organizations, can be members of Provincial Employment Committees, Chambers of Commerce and Industry and NGOs, hence contribute to the employment, economy and social life.

Unionization right is not limited to our Group Companies. Supplier companies also respect to unionization particularly those supplying our automotive companies; employees working in these workplaces are also covered by collective bargaining agreements. Processes regarding these issues in suppliers are meticulously monitored for prevention of any breach.

Koç Group contributes to the maintenance of permanent social dialogue and development of relationships with the Unions both in Turkey and abroad. As a good example, employees of **Arçelik** Plant in Romania and Defy Plants in South Africa are covered by collective bargaining agreement and exercising their right to unionization.

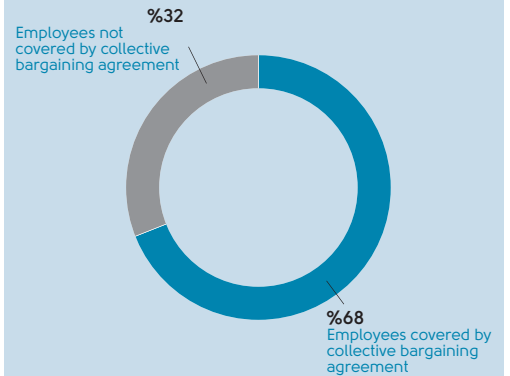
Employees Covered by Collective Bargaining



Employees not covered by collective bargaining agreement



Employees covered by collective bargaining agreement





# Work Environment at Koç

*“Our most valuable asset is our human resources.”*  
Our Founder Vehbi Koç

Koç Group reaches its continuous success in providing high quality products and services and develops its objectives thanks to the strength provided by its human resources. A climate of mutual trust and respect established together with employees has a significant share in the place we have reached. The continuous development of this climate is highly crucial for the Group. In this respect, we aim to attract and employ the most skilled workforce in the Group. Our permanent goal is to do what has not yet been done; realize what has not yet been realized with our most valuable asset, our human resources.

continuous development, employees are supported with the Group HR systems. One of the most significant ways to provide the continuity of the Koç Group through generations is the investments in human resources. In this respect, we attribute utmost importance to;

- Providing a high skilled workforce
- Ensuring continuous development of workforce
- Ensuring high level motivation amongst employees
- Bringing employee satisfaction and loyalty to the foreground

2011 data regarding employee demographics of the Group Companies within the reporting scope is shown below:

## Employee Breakdown by Category

Blue-Collar	38,278
White-Collar	28,175

Total number of employees in 2011 is 66,453.

## Employee Breakdown by Employment Type

Full-time	66,022
Part-time	431

## Employee Breakdown by Gender

Male	48,387
Female	18,066

## Employee Breakdown by Contract

Indefinite Term	62,697
Fixed Term	3,756

## Employee Breakdown by Age

Older than 50	1,741
Between 30 and 50	39,132
Younger than 30	25,580

## Number of Interns

University	2,885
High School	3,296

Total number of interns in 2011 is 6,181.

In Turkey operations there were a total of 252 senior executives, 14 of whom were expats while 238 were Turkish citizens. During the same period, 51 expats were employed in Turkey operations while 60,814 employees were Turkish citizens.

In order to enhance efficiency and ensure



66,453

Total number of employees  
in reporting companies by  
the end of 2011

48,387

Total number of male  
employees by the end of  
2011

18,066

Total number of female  
employees by the end of  
2011

6,181

Total number of interns in  
group companies by the  
end of 2011

## Recruitment

We continuously work throughout the year in order to recruit the best people in line with the Koç Group's objectives and principles. During the recruitment process, in accordance with our understanding of equal opportunities, all kinds of discrimination are prohibited. People fulfilling job requirements are hired as a result of assessment of their competencies.

One of the most important aspects valued during the Koç Group recruitment process is competency. We expect our candidates, for every department and position, to possess the Koç Group's main competencies.

For more detailed information on the Koç Group's competencies, procurement and orientation processes, please visit:  
[http://www.koc.com.tr/en-us/Career/Pages/Recruitment\\_and\\_Orientation\\_Process.aspx](http://www.koc.com.tr/en-us/Career/Pages/Recruitment_and_Orientation_Process.aspx)

### Minimum Notice Periods

As a basic principle, in cases of new assignments, workplace shut-downs realized according to the measures outlined by law, or collective redundancy, employees are informed in advance in order to avoid any negative impact as much as possible. Within the framework of legislation currently in effect, when wide-scale layoffs or a workplace shut-down is required due to economic, technological, structural or similar operational workplace or business requirements, union workplace representatives will be informed of the situation in written form at least 30 days (at least 4 weeks) in advance and it will be announced at the workplace. In negotiations that will take place between workplace union representatives and the employer after the announcement, the following issues will be addressed: preventing the layoffs or reducing the number of employees who will be laid off, as well as minimizing the negative impact of the layoff on workers. A report will be drawn up at the conclusion of the negotiations demonstrating that the meeting took place.

Employees working in the Group Companies are being informed on the social rights, occupational health and safety topics and working conditions by the "Personnel Regulations." Personnel regulations include sector specific implementations of Group Companies while reflecting Koç Group HR Policies. Accordingly, the relationships of the Group employees with stakeholders are outlined by "Code of Ethics and Business Conduct." Code of Conduct Boards have been established in all our Companies in order to monitor the compliance with the ethical behavior rules. Both the personnel regulations and the ethical behavior rules together with implementation principles are updated according to the amendments in the law and current requirements.

## Koç Academy and Training in Our Companies

Koç Academy is a platform for training, development and sharing where activities that will encourage the development of Koç Group employees are planned and executed, taking into consideration Group/Company/individual requirements. It is integrated with HR systems such as performance evaluation and competency assessment.

The system incorporates tools and workflows that provide every single employee to make personal development plans according to the work carried out and individual objectives. Besides these, Koç Academy is used as a resource planning infrastructure. The system has a competency of resource planning and management that enables the management of all stages of training and development process, reporting of the same and the registration of every learning move.

Development plans have been established for 15,916 employees working in Group Companies within the system. A total of 93,357 development activities are assigned with reference to these plans and 88% executed during the reporting period.

Areas in which the employees are expected to demonstrate development in the upcoming period are identified by integrated HR applications like Koç Academy. While designing developments plans regarding these requirements, responsible managers provide guidance and

convey their views. Interviews are carried out throughout the year in order to monitor the employee development. Evaluation interviews are carried out at the end of each year for the developments planned for the following year. Training is provided for the employee at every level both internally and externally based on the needs that have been identified.

### Training Provided by Employment Type (manxhour)

Blue-Collar	1,020,426
White-Collar	1,493,768

For detailed information on the training and development planning processes, please visit  
[http://www.koc.com.tr/en-us/Career/Pages/Training\\_and\\_Improvement\\_Planning\\_Process.aspx](http://www.koc.com.tr/en-us/Career/Pages/Training_and_Improvement_Planning_Process.aspx)

## Koç Group Compensation System

We determine the total income of the Koç Group employees according to the current salary market and competitive and fair policies by managing our employees' compensation and benefits through Koç Compensation System. The employees' salaries are determined in an evaluation system that considers primarily the content of work, responsibility taken and performance shown. Gender does not have any effect on the salary system.

Minimum wage that is in effect in our country is taken into consideration during the determination of salaries. In addition to the monthly gross salary, employees are paid a bonus that is equal to four month salary and also a benefit package. In most of our workplaces, there are job categories determined by regulations or collective bargaining agreements. Grouping practice causes a difference in the real wage structure compared to the minimum wage. As a result of these practices, real wages paid by the Group Companies are above the minimum wage level.



Tofaş Assembly Line

In certain Group workplaces, the salary paid to new recruits is different from the minimum wage as required by collective bargaining agreements. For example, in our Companies (Tofaş, Ford Otosan, Arçelik, Türkİraktor, Aygaz, Otokar) that employ the Metal Sector Job Evaluations System, different starting salaries are outlined at different levels depending on the size of the job. At the lowest level, this percentage is 7.3% higher than the minimum wage and it is 9% on average.

For more detailed information regarding the benefits offered to Koç Group employees please visit [http://www.koc.com.tr/en-us/Career/Pages/The\\_Benefits\\_Provided\\_to\\_Koc\\_Group\\_Employees.aspx](http://www.koc.com.tr/en-us/Career/Pages/The_Benefits_Provided_to_Koc_Group_Employees.aspx)

Koç Holding is one of the few Turkish companies linking compensation of senior executives with sustainable financial and operational performance. Large proportion of the compensation for Group's senior executives consisting of salaries and bonuses is paid depending on performance. Bonuses for Senior Executives in our Company are calculated according to company performance, individual performance and bonus basis. In the evaluation of individual performance, in parallel with the company performance, long-term sustainable improvement principle is considered together with financial outcomes.

The main purpose of the performance management system that is practiced Group-wide is to evaluate our employees' performances in an objective manner in line with common objectives and to reach the top level performance. All the white collar employees working in the Koç Group Companies are subject to annual performance evaluation. In reporting period, the number of mid-level managers that have received performance evaluation is approximately 2,600 while the number of senior executives is approximately 300.

For more detailed information regarding competency and performance evaluation processes in the Group, please visit [http://www.koc.com.tr/en-us/Career/Pages/Competency\\_and\\_the\\_Performance\\_Evaluation.aspx](http://www.koc.com.tr/en-us/Career/Pages/Competency_and_the_Performance_Evaluation.aspx)

## Employee Engagement Survey

In 2011, Employee Satisfaction Survey practice has been replaced by Employee Engagement Survey. The General Engagement Score of the Koç Group is determined to be 42%. In the scope of this work, a total of 45,341 questionnaires were filled out. The ratio of completing the questionnaire was 87%. Compared to the work life evaluation survey, the number of responses and the ratio has increased.

## Suggestion Systems

Koç Group Companies are committed to continuous improvement of business processes. Most valuable information source regarding continuous development processes are employee feedbacks and suggestions. In this respect, the systems to receive employee suggestions are essential for the sustainability of our business. Besides collecting employee views, through these practices, we also enable them to participate in the management.

288,738 among 349,888 suggestions received from employees working in the Companies within the reporting scope were put into practice during 2011.

Within Individual Suggestion System of Arçelik, employees fill out suggestion forms; and hand those to Suggestion System Unit Responsible by whose feedbacks suggestions are put into practice. Employees can track the situation of the suggestions through the system. Trainings that teach the usage of the suggestion system are organized and written briefings are continuously provided by the Human Resources Managements. Employees collect points for each suggestion they give and they are rewarded at the end of the year.

At Aygaz, employees make their suggestions through "Individual Suggestion Forms." These suggestions are entered into Electronic Individual Suggestion System by the supervisors at the facilities. Suggestions which are found to have positive impacts are transferred to Individual Suggestion System Evaluation Committee. The Committee makes a general evaluation over the system and the employee who makes the suggestion is informed about the result

Employees at Ford Otosan, fills an electronic form to give their suggestions. The Improvement Coordinator makes a preliminary

evaluation on the suggestion and submits to the relevant manager who evaluates the suggestion and informs Improvement Director on outcomes. After the evaluation if successful practice is observed, Improvement Director demands for rewarding of the suggestion from a superior board, Suggestion and Improvement Board. If the result of the evaluation is negative, the employee who has made the suggestion is informed about the outcome and the process finalized. If the result is positive, the suggestion is sent to Field Manager. Suggestion is rewarded by Improvement Directorate, if Field Manager finds the practice appropriate.

In Opet, the new sharing platform "Traffic" portal is offered to the employees at the last quarter of 2011, so the online suggestion and forum system is in effect. With this system, the employees share their suggestions, opinions and views with all the employees and also make comments on the suggestions. Accordingly, employees rate suggestions they like; hence suggestions are ranked. One of the advantages of having an online system is that a suggestion can be evaluated by all the other employees. Compared to the conventional method of form collecting, thanks to this online system, it is aimed to have the suggestions viewed and evaluated by all employees.

There are also suggestion boxes at production sites/terminals and employees' opinions and suggestions are received in this way. Every month, the opinions and complaints are collected from the boxes and submitted to the Terminal Managers. After the opinions and complaints are evaluated, they are submitted to relevant unit managers to be solved. After they are completed, necessary briefing is given.

The Otokar Suggestion System (OSS) begins when suggestion forms are filled via intranet. OSS Suggestion Forms are first evaluated by the first-line supervisor of the employee who made the suggestion and if found positive, points and rewards are calculated. Then the suggestion is sent to the relevant Unit Suggestion Supervisor. Suggestions that are evaluated as positive by the Unit Suggestion Supervisor are evaluated by the Suggestion Evaluation Board, and then the first five suggestions of every month are determined. Every month,





Yapı Kredi Banking Academy

In 2011

288,738  
of  
349,888  
employee suggestions

received  
by reporting companies  
were implemented

the best five suggestions are rewarded and employees are informed. Employees who give suggestions receive notification letters to be informed about the negative and positive outcome of the evaluation. Rewarding Evaluation Committee selects and rewards The Suggestion of the Year among the suggestions that have been rewarded throughout the year. The employee who provides the highest number of suggestions throughout the year is recognized and rewarded as the Suggestion Champion.

Suggestions at **Otokoç** are periodically assessed by the Suggestion System Supervisor who reviews if submitted suggestion has been properly outlined and whether or not it is related to a subject that has been previously submitted or on which a research studies is already in place. The Suggestion System Supervisor submits the suggestion for approval. Suggestions which pass the first round of approval are filed by the Suggestion System Supervisor and submitted to the Suggestion Evaluation Committee. Suggestions that have been evaluated and accepted quarterly are followed by the Suggestion System Supervisor.

The **Tat** Suggestion System encompasses all **Tat** employees, subcontractor employees and interns, excluding only managers. Employees may convey their suggestions either over the intranet or by filling out a suggestion form and putting it in the suggestion box. Suggestions are evaluated by the Enterprise Suggestion System Supervisors and the Decision-Making Committee.

With the Individual Suggestion System that has been in place since 1993 in **Tofaş**, it is aimed to provide the participation of the employees into improvement practices in the scope of World Class Manufacturing operations and to make the improvement culture spread among all employees. Suggestions can be given via forms or website. Suggestion System is also integrated with Recognition and Appreciation System. There is a unique scoring system for the suggestions that are put into use. Employees can shop in company cooperative with the points they collected through their participation in the continuous improvement practices. In 2011, blue collar participation in the system was 99.2%.

Within **Tüpraş** Plants and Units, employees can convey their individual and original suggestions through Refined Suggestions System suggestion forms. Suggestions received are evaluated on monthly basis. As a result of technical evaluation, suggestions submitted to the relevant units and finally evaluated by the Suggestion System Board.

**TürkTraktör** aims to encourage all employees to participate in the improvement practices in the World Class Manufacturing practices and to extend this culture to all the employees via Individual Suggestion System. Employees convey their suggestions through filling out the suggestion form. Suggestion supervisors work in the completion of this process by evaluating them. The suggestion supervisors enter all the information in the suggestion system in the World Class Manufacturing portal including the cost benefit analysis. Suggestions that are put into use receive points according to the points system and rewarded in the Recognition/Appreciation process.

**Yapı Kredi** employees convey their suggestions through the "Suggestion Management System" in the company intranet. Received suggestions are shared with the relevant teams and the employees who have made the suggestions are informed.

## Leader Development Programs

The primary objective of the leader development programs that are carried out Group-wide is to prepare managers that will carry the Koç Group to the future for greater responsibilities. These programs are crucial for generating a Group-wide common leadership language and culture. Varying programs according to the different management levels in the Group are run with the support of Koç University and specialized institutions. The program creates significant learning and sharing opportunities in terms of blending the different company and sector experiences as well as enabling mobility and rotation between Group Companies. 832 managers have participated in scheduled programs in 2011; and a total number of 4,676 managers since 2003.

## Most Successful Koç Employees

The Most Successful Koç Employees Rewarding System (MSKE) is a recognition system that encourages Koç Group employees to develop their competencies. The purpose of the rewarding system is to increase employee loyalty, motivation and productivity throughout the Group, to make a contribution towards a learning organization and to discover and promote the best practices in the Group in this regard.

As a result of the studies held in 2011, two categories were added to the existent Cooperation, Creative Innovations and Customer Satisfaction categories which are;

**Making A Difference:** This category includes projects that question the way of doing business, suggest creative alternative solutions to amend existing conditions, apply them and improve processes which ensure customer satisfaction

**Adding Value to Life:** This category includes employee projects that contribute to society and environment with social responsibility outlook, raise awareness with these studies and promote volunteering, which are effective in terms of the sustainability and expansion of studies initiated.

Since 2003, a total of 48 companies and 535 projects have been nominated while 426 employees have been rewarded. The MSKE evaluations for 2011 are still ongoing due to revision of the processes.



Birlikten Kuvvet Doğar!

Approximate number of Koç My Family Program members by the end of 2011

87,000

## Koç My Family Program

With Koç My Family Program, Koç Group employees are provided advantages with regards to the Group Companies' goods and services as well as extra advantages through periodical campaigns. In addition to these opportunities, social activities and social responsibility projects which will enhance the awareness of being a Group employee are presented to the employees.

At the end of 2010, the program had a total of nearly **87,000** members.

## Koç Holding Retirement Pension Foundation

Koç Holding Retirement Pension Foundation is a large-scale social security institution founded in 01 October 1967 in order to provide employees working in Koç Group Companies and who are subject to Social Security Institution with "a supplementary social security and support." The foundation provides its members with full payment of balance, retirement pay, health insurance and financial assistance services. Moreover, compensations are granted to the heirs of deceased members and disabled personnel.

The sums derived from the members and companies are invested in the financial markets and augmented, providing the foundation members peace and comfort during their retirement. As of the end of 2011, the Koç Holding Retirement Pension Foundation had 50,833 active and 237 retired members.

**Yapı Kredi** provides its employees a unique opportunity regarding retirement. **Yapı Kredi** supports secondary financial guarantees for its employees at retirement and has contributed to the Group Individual Retirement Plan since 2006. At the end of 2011, 70% of bank employees were taking advantage of the Group Retirement Plan. **Yapı Kredi** employees, along with their spouses and children are covered by Group Health Insurance.

## Professional and Personal Life Balance at Koç

With the modern human resources policies applied in Group Companies, it is paid utmost attention to safeguard the professional and personal life balances of our employees. 45 hours working system is carried out within the boundaries determined by legal regulations. Generally in Companies operating in services sector, this working duration is completed in five workdays and employees take the weekends off. In industrial companies, shift working order is applied and the employees who complete their weekly 45 hours of work take minimum 24 hours uninterrupted off time. Shift workers are ensured to work in accordance with the law; one week in daytime and the following week at night, so that they can spend more time with their families. In religious and national holidays, New Year's Day, it is ensured that our employees can spare time for their personal lives; otherwise there are exceptional conditions such as breakdowns, renovations, production work loads and other force majors. In addition to these practices, annual paid leaves are granted beyond the durations foreseen in legal regulations.

## Employee Volunteerism

The social projects carried out by Koç Group Companies are carried out mainly by employee volunteers. In the projects where the employees voluntarily participate, a wide range of programs from environment to education, from health culture and arts are implemented.

During the year, various number of employees from all of the Group Companies voluntarily participated in projects such as "I am Donating Blood for My Country", "Vocational Education: A Crucial Matter for the Nation", and "The Koç Sports Festival."

In 2011, a total of 24,581 people, 22,499 of which were employees and 2,082 of which were volunteer participants, took part in volunteer activities carried out by Group Companies.

In **Arçelik**, Eskişehir Refrigerator and Compressor Factory employees have planted 2,500 cedar and black pine saplings to "Arçelik Employees Memorial Forest" in 15 April 2011. Furthermore, Washing Machine

Factory employees have planted 4,000 saplings during "World Environment Day." In addition to these, the employees have voluntarily participated in White Fish Play Room, Search and Rescue in Van; and Blood Donation campaigns.

Social Activity Club, which was established in 2009 by **Aygaz** employees and which pursues its activities with regards to the principle of employee volunteerism, has carried out its activities within the reporting period. All **Aygaz**, **Mogaz**, **Aygaz Doğal Gaz** and **Akpa** employees and their relatives can participate into the activities which are also supported by **Aygaz** senior management. In 2011, organizations such as participation to Dragon Fest Boat Race, Cookie Competition, concerts, theatres, open-air cinema and bowling tournament have been realized.

The **Aygaz-Opet** Turkish Music Choir, which initiated its activities in 2004 with the participation of **Aygaz** and **Opet** employees, was founded in order to meet those who are keen on Classical Turkish Music and to create opportunities for them to engage in their hobbies. While initially the choir was composed of **Aygaz** and **Opet** employees, in time it developed as to include the employees of other Energy Group Companies and Koç Holding, the relatives of the employees and dealers and today it is pursuing its activities with the same pace. The **Aygaz-Opet** Turkish Music Choir not only helps employees develop team spirit and cooperation, but also aims to make a positive impact on their professional life by bringing employees together under the same roof outside the workplace.

**Koç Information Technologies Group** has realized a tree planting ceremony with the participation of 125 new graduates within the reporting period as a part of an organization initiated by **KoçSistem**. Within the scope of Green Information Platform Project activities and with the cooperation of Koç University, "Responsibility Now Before the Resources Cease" conference was realized; the determination of messages that will raise the public awareness and serve the spread of information was specified with the participation of employees. With the "Stair Surprises Campaign," the employees were encouraged to use the stairs instead of the elevator; hence a practice which promotes healthy and environmentalist lifestyles was implemented.





The Aygaz-Opet Turkish Music Choir

During the year, **Callus** Samsun location employees visited the Society for the Protection of Children; they brought along the aid materials and presents which they gathered through their own initiative. Again, in a program initiated by **Koç Information Technologies Group** employees, 120 packages of belongings including blankets, sleeping bags, adult clothing, boats, pullovers, coats, pants, socks, skullcaps, stocks, gloves, underwear, child and baby clothes, diapers and other aid materials were collected.

In **Opet**, social activity clubs pursue their activities with the voluntary participation of employees. The clubs function in dancing, sailing, photography, swimming, theatre, cooking, basketball, volleyball, extreme sports, trekking and bowling branches. Employees voluntarily participate in social responsibility projects at **Opet**, such as Clean Toilet Campaign, Exemplary Village Project, Green Road Project and the Respect for History Project.

In **Tofaş**, five corporate culture clubs were established in line with the five transition themes determined according to corporate culture studies based on company values. In these clubs, the number of volunteers reached 223 in the reporting period and programs related to customer-orientation, innovation, cooperation, business partnership and employee development themes were implemented.

**Tüpraş** İzmit Refinery employees voluntarily participated in meetings with school teachers, scholarship students and the Vocational High School Coaches (MLK) within the scope of "Vocational Education: A Crucial Matter for the Nation" Project (MLMM), TÜYAP Electric-Electronic Exhibition visit, Çanakkale tour, "Ruby Group" scholars' graduation ceremony, and 1st Field Practice studies within the scope of MEGEP.

Batman Refinery employees, in addition to MLK meetings and processing modules with scholars, participated in MLMM 2011 Activity Planning Study, MLMM Graduation Ceremony, MEGEP Field Practice and Skills Internship, Batman TEGV Foundation Meeting and Communication Training, TEGV Teaching Approaches and Models Training, TEGV Research Workshop studies, whereas Kırıkkale Refinery employees have participated in MLMM and MEGEP activities and April 23rd Batman 4th Children's Festival.

In addition to these programs, **Tüpraş** employees voluntarily participated in the Flora Project and Happy Waste Project.

In **TürkTraktör**, ISIG Volunteers, employees informed on occupational safety, who know the legal regulations and requirements, and who are qualified in determining the occupational safety accidents and shortcomings, support projects related to these issues within the company. Kaizen System, which runs with the voluntary participation and great interest of employees, aims to reduce losses regarding equipment, labor, material and energy usage via continuous improvements. Attention is also paid to improving the environment, employee health and occupational safety.

Solution Teams are composed of teams made up of employee volunteers. These teams strive for continuous improvement in their jobs.

**Yapı Kredi** formed **Yapı Kredi** Volunteers Platform to gather under a single roof the various voluntary projects conducted under the "Social Responsibility Project for Each Department" motto. The themes of the projects, NGOs and project budgets are determined by volunteers.

In 2011, eight departments/affiliates have either developed new projects or continued with the existing one within the scope of **Yapı Kredi** Volunteers Platform. As of the end of 2011, 334 **Yapı Kredi** employees were voluntarily participating in the projects.

With the Gift Matching Program which is pursued in cooperation with UniCredit Foundation, **Yapı Kredi** provides the opportunity for its employees to donate for given NGOs. The UniCredit Foundation donates as much as the donations gathered as of the end of campaign, hence resources spared for the projects are doubled.

In 2011, the non-governmental organizations and the projects which were supported within the scope of Gift Matching Program are:

- Turkish Red Crescent / Van Earthquake Support Campaign
- LÖSEV / Aid Campaign for the School for Children with Leukemia
- Community Volunteers Foundation / Value for Youth Project

**Yapı Kredi** employees have been voluntarily participating in "Read, Think, Share" leadership development program which is pursued in cooperation with Young Guru Academy.

## Koç Employees and Sports

In all Koç Group Companies, the employees are encouraged to participate in social clubs and are provided with a wide range of sportive opportunities. In addition to the presented opportunities, since 1989 in every May and June, Koç Group Sports Festival is being conducted with the participation of Group Companies' employees. Every year, over 3,000 employees participate in the Festival which aims to help employees develop healthy lifestyles, intensify the solidarity among the employees as they are gathered outside the workplace and provide opportunities for recreation.

During the year, the awards were presented to the top three teams and employees of the competitions held in mini football, basketball, volleyball, table tennis, tennis, swimming, athletics, chess, veteran football and bowling. The sports festival which took place with the participation of 300 employees in five different branches in its first year has grown to 3,400 employees competing in 10 sports. The festival aims to promote the participation of more employees in wider number of branches in the following years.

After five weeks of competitions by teams comprised of both male and female employees of Group Companies and individual athletes, awards were given to the top three teams and medals were presented to the players in ceremonies held in each region. The top managers participated to the ceremonies as well; in Istanbul, where the participation to the festival was highest, Turgay Durak, the CEO of Koç Holding has presented the cups and medals to the winners.

During 2011, a total number of

24,581

people

22,499

of which were employees  
and

2,082

of which were volunteer  
participants

took part in volunteer activities carried out by Group Companies.

In **Aygaz** Headquarters, there is a fitness center where employees can exercise with trainers; and in locations outside the headquarters there are facilities where they can play football, volleyball and table tennis. Tournaments are held in line with the interests of employees and participation to Koç Group Sports Festival from every region is encouraged.

In order to raise the communication amongst the **Arçelik** employees, there are fitness centers, tennis courts and basketball and football fields in campuses. Outdoor and indoor sports facilities are present in addition to the spaces whereby table tennis, billiards and backgammon activities can be pursued. Off campus activities such as skiing and bowling tournaments are conducted for employees. Every year, the employees are actively participating in Koç Group Sports Festival along with the sports activities held in campus and among departments.

In **Çamlıca Business Center**, where the companies of **Koç Information Technologies Group** reside there is a gym available to all employees. In 2011, 90 employees participated in Koç Group Sports Festival in football, basketball, table tennis, swimming, mini football and bowling branches.

Within the body of **Opet**, there are basketball, swimming, tennis, sailing, volleyball, football, bowling, nature and extreme sports (skiing, rafting) teams actively participated by the employees. Every sports branch has a team captain. Team captains are determined as to meet the gym, material and suchlike demands of the relative sports teams and they are responsible for the budget management of the teams in coordination with the Human Resources.

Beside the swimming team, for ensuring participation of non-team member employees to swimming activities, an agreement was made for Galatasaray Olympic swimming pool in Burhan Felek Sports Complex, and it is open to employees at certain times.

**Otokar** offers employees the opportunity to take advantage of the sports facilities such as basketball courts, football fields, gym and tennis courts.

Volleyball, football, basketball, bowling and athletics competitions are conducted within the company. The employees are encouraged to conduct sports activities outside the

company with tennis, scuba diving, skiing and sailing clubs.

In **Tofaş** factory, employees can use basketball and volleyball courts and fitness room that belong to Sports Club; and also 2 tennis courts and 1 outdoor basketball court. In various locations at ateliers, table tennis equipments are open to the constant usage of the employees, whereas there is a fitness center in the Istanbul facilities.

Courses in tennis, chess, diving, sailing and other sports branches are organized for the employees whereas swimming, basketball and football summer courses are opened by Sports Club for the benefit of employees' children. Company social clubs organize tournaments in tennis, table tennis, bowling, chess, athletics, volleyball, basketball and football branches. Moreover, participate, on to intercompany tournaments and leagues such as Corporate Basketball League, Bursa Intercompany Basketball League, Bursa Intercompany Volleyball League, Inter Automotive Companies Bowling Tournament. While the participation to Koç Group Sports Festival takes place in football, volleyball, basketball, tennis, bowling, swimming and athletics branches; football tournaments that last 3-4 months twice a year are conducted with the cooperation of labor union and participation of over 1,000 employees. Besides these, inter Fiat companies athletics competitions, diving trips, and chess games with Koç Companies and sub-industries are organized. Approximately 50,000 people participated in the sports activities within the reporting period.

In **Tüpraş**, participation of all employees to sports organizations and centers which ensure affiliation among them, develop team spirit and contribute to the development of employees' physical and spiritual health is promoted. 4 fitness centers which are arranged with reference to the Private Sports Facility Regulations of Body Building Federation are present in the refineries. In addition to this, there are swimming pools constructed in line with the regulations of the Ministry of Health in every refinery, and indoor sports facilities, open basketball and tennis courts, AstroTurf football pitches, walking roads and squash facilities are present in some of the refineries.

1,400 employees participate in 36 social activity clubs among which there are the Search & Rescue, Sailing, Underwater and Nature clubs. While the clubs are managed

by 130 volunteering employees, 310 activities were held within the reporting period.

**Tüpraş** employees, who participate in intra-group, intra-company and national competitions such as Business League Basketball Tournament, Companies League Volleyball tournament and inter-company football, street ball and bowling competitions and Koç Group Sports Festival; appended their signatures to successes in various levels.



Koç Group Sports Festival

The traditional **TürkTraktör** Sports Festival is conducted in 16 branches; basketball, football, volleyball, table tennis doubles, table tennis singles, backgammon, chess, dart, table football doubles, table football singles, table football triples, checkers, badminton doubles, badminton singles, three balls and pool. In 2011, 1,687 employees, 71% of workforce, have participated to the festival. Increase in participation is ensured with the opening and closing ceremonies. Dedicated festival magazine "Chivalry" is published together with the employees during over two months activities of the festival. The success of the festival depends on the committee members for each branch. The committee members realize their tasks such as the arrangement of fixtures, realization of fixture draws, coordination of follow up and arrangement of the games and publishing of the game results with the relevant teams. 62 employees have volunteered for the event during the reporting period.

**TürkTraktör** hosts Ankara leg of Koç Group Sports Festival which comprises of basketball, volleyball, football, bowling and table tennis branches. **TürkTraktör** employees compete with other Koç Companies' employees in the games lasting over one month. Besides the festivals, indoor sports facility in which shower, heating and equipment opportunities are provided, such as football pitch, resting spaces with billiard and table football tables are present for the use of employees for non-working hours.

The **Yapı Kredi** Sports Club Association was established in 2007 for the purpose of making social activities possible for all employees under the Koç Financial Services umbrella including their spouses and children as the latter can become member and take advantage of them. Sports activities including football, sailing, tennis, track and field, volleyball, basketball, chess, archery, marksmanship, RC modeling, water sports, motor sports and skiing are regularly held. The association also conducts photography, theatre and dance training activities.

The sites in Bağlarbaşı Koru facilities, Levent Plaza D Bloc and Gebze Banking Base are used for the sports activities of **Yapı Kredi** personnel. Since 2005, **Yapı Kredi** has been conducting an internal sponsorship project in order to promote and support the success of employees' sports activities. The employees who were supported within the scope of internal sponsorship in 2011 are Celal

Altunbaş in swimming, Bayram Kuytan in mountaineering, Kaan Göker in tennis, Özcan Çetinkaya in para-taekwondo and Serhat Bayhan in bicycle.



# Environmentally - Friendly Practices at Koç

*“Another fundamental principle that we have pioneered and which is non-negotiable for us is fulfilling our responsibilities to both this and future generations.”*

*Our Founder Vehbi Koç*

At the heart of the business success of the Koç Group Companies lies anticipating tomorrow's physical and economic environment, discovering future needs from today; and providing perfect answers for social expectations through innovative products and services accompanied by their sector leading corporate approaches. Understanding what is yet to be visible in the present time and thereby playing a role in the shaping of the future is a principle we adopt in every dimension of our operations. As far as our corporate sustainability practices are concerned, the most material aspect of this approach, which we have followed without any compromise since our very start, is environmental sensitivity.

One of the reasons of existence for the business world is to provide the large segments of the society with the products and services that they need to attain a humane level of daily life comfort. However, the ever increasing needs in parallel with the growing total world population coupled with the resource constraints caused by this development, the negative environmental impact stemming from production and consumption day by day make it harder for the business world to fulfill this task without risking the future generations' quality of life. Environmental issues, climate change topping the list, constitute the fundamental risks that we encounter today. Since this is the case, as Koç Holding, we believe that it is our binding responsibility to come up with creative and innovative solutions in an effort to eliminate the environmental risks. Our goal is to secure the future of the communities we operate in while at the same time creating new opportunities through the high performance we show, thereby also improving our corporate sustainability further. That is why we prioritize environmental sensitivity in every dimension of our operations and take part in joint initiatives not only with public agencies, professional organizations and NGOs but also with various other parties involved whether they are local or international, for the sake of promoting environmental sensitivity in the business world and society at large.

## Environmental Management

The main framework for Koç Holding's environmental management is defined through strategies and policies created at Group level. Koç Group Environmental

Vision and Mission, Koç Group Environmental Policy, and Koç Group Climate Change Strategy issued last year define the fundamental paths to be followed by each and every company in the Koç Holding ecosystem during their operations. Apart from those policies designed to be compatible with the international environmental management principles, standards and initiatives including the United Nations Global Compact; full compliance with the legal regulations of the countries we operate in with regard to the issues of environmental management is the minimum operating condition for the Koç Group Companies. Koç Group is composed of tens of companies active in various sectors with different characters. That is why the Group Companies operate according to the environmental policies and strategies established in line with the expectations and needs of the sector as well as the legal regulations and the operating principles already set by Koç Holding.

**The details regarding Koç Holding's approach to environmental management are available on the corporate social responsibility page at [www.koc.com.tr](http://www.koc.com.tr)**

The environmental management activities undertaken by Koç Holding and Koç Group Companies cover three main areas. Consequently, all Group Companies perform the following:

- Keep environmental impacts created by their activities under control and work on improvements that will reduce these impacts.
- Monitor environmental impacts created by manufactured goods and services for the whole life-cycle, from the design and planning stage until the end of their economic life; work on reducing these impacts by developing environmentally friendly products.
- Carry out educational activities to increase knowledge and awareness on environmental protection among large segments of the society, particularly employees, customers, dealers, suppliers, contractors and other operational stakeholders; develop field projects in their areas of operation that protect and promote biodiversity.

The Environmental Management for Koç Holding is performed through an organization starting from the Holding and

extending to the operational centres of the Koç Group Companies. The highest decision making body of Koç Holding Environmental Management Organization, aiming to ensure active participation of the Group Companies at every level, is the "Koç Group Environmental Council". Composed of executives responsible for Group Companies' environmental management, the main duty of the Council is to determine long-term strategies regarding environmental management and to formulate action plans for their execution. Environmental Council supports Group Companies for the implementation of these strategic plans. Furthermore, the Group Environmental Council is also responsible for coordinating efforts to comply fully with the amended environmental regulations and handling the periodic audits in cooperation with the Audit Group. The results of environmental audits and the improvement goals that emerge are submitted by the Koç Holding CEO to the senior management of the company for their assessment.

Since the energy is the common input of Group Companies and has a direct impact on the climate change, the current most significant environmental problem, "Energy Efficiency Working Group" is founded with the participation of energy managers from Group Companies. Responsible for drawing up plans for improvement by its expert sub-committees, the Energy Efficiency Working Group is a management body aiming to create synergy throughout the whole Koç Group thanks to sharing examples of best practices, developing joint projects and establishing a culture of energy efficiency.

The strategic plans prepared by the environmental management bodies of the Group are transformed into performance goals on company basis and are thus spread throughout the whole organization starting from the top level management of the company. The company environmental management organizations carry out the work for the implementation of the defined goals on company basis. Moreover, specialized energy management units are organized as well within the Group Companies which operate in critical sectors in terms of energy consumption or are over a certain operational size. The essential duties of the environmental management organizations of the companies include



World Climate Summit

monitoring the changing sector based and general management systems along with legal regulations with a view to ensuring prompt compliance, hence minimizing the environmental impact stemming from company operations.

In order to reinforce the environmental management structures, the Group Companies not only benefit from the widely recognized system standards as far as their management methodologies are concerned, but also protect the system reliability through periodic external audits. ISO 14001 System Standard is a widely used methodology by the Group Companies in environmental management. In 2011, out of the 74 facilities\* owned by the Group Companies within the reporting scope, 63 operate with ISO 14001 certification. Thus, in 2011 ratio of facilities under ISO 14000 certification scope was 85%. As of 2011, our Group Companies began to work on certifying the GHG emission values in line with the ISO 14064-1 System Standard. In this respect, for all **Arçelik**, **Ford Otosan**, **Opet** and **Tofaş** facilities in Turkey; also for **Aygaz**'s Yarımcı Terminal and **Tüpraş**'s İzmir Refinery, GHG emission calculations have been verified according to ISO 14064-1 System Standard.

All the related Koç Group Companies comply with the EU REACH Regulation and work on projects to ensure that their suppliers also comply with it. Apart from that, the Group Companies abide by many local or international standards regulating the environmental impact levels of their products and environmental impact labeling practices.

### Environmental Management and Investment Expenditures

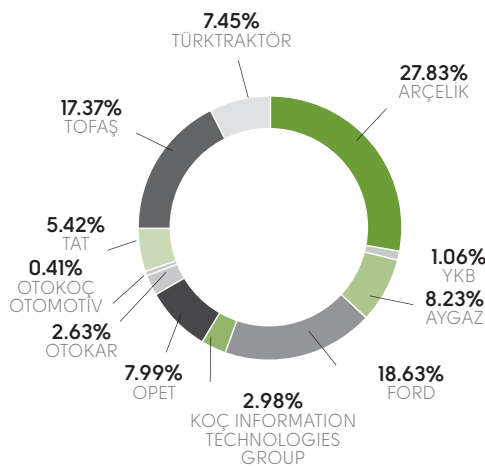
In an effort to realize the goals set for further improvements, Koç Group Companies allocate significant amount of financial resources for environmental management. A portion of those funds is allocated to administrative and training practices while a great deal of the funds is used for investments and R&D studies regarding product and process development. In 2011, a significant share in the Group Companies' R&D budget of total TL 490 million was spent on projects focused on reducing the environmental impact of the products.

Environmental expenditures and investments made by the Koç Group Companies in 2011 reached TL 203.5 million in total. The environmental expenditures rose by 51.1% when compared with 2010 and **Tüpraş**, which accounts for 88.9% of the environmental expenditures, realized TL 180.9 million of environmental expenditure.

Out of the TL 6.3 million total environmental expenditure **Arçelik** made in 2011, it spent TL 4.1 million for investments focused on the environmental and energy management, TL 1.46 million for waste management and operational practices, TL 0.8 million went for environmental protection and administrative practices.

In 2011, **Aygaz** spent TL 1.87 million in environmental expenditure and investments while **Ford Otosan** spent TL 4.2 million, **Opet** spent TL 1.8 million, **Tat** spent TL 1.2 million, **Tofaş** spent TL 3.95 million, **TürkTraktör** spent TL 1.7 million.

### 2011 Environmental Expenditures and Investment Ratios\*



\*Tüpraş performance is not included in this chart.

### Climate Change and Emission Management

Caused by the surge in GHG emissions, the climate change remains an important issue on the global agenda for 2011. The international efforts made to fight this problem during the reporting period still seems to have fallen short of producing a consensus on a comprehensive plan of measures meeting the expectations of the all parties involved. Koç Holding not only

views the problem of climate change as a threat to natural life but also as a grave risk capable of producing severe influence over our social and economic lives. We therefore regard the operations and investments to be undertaken to deal with the climate change not as an issue increasing the costs but as an opportunity to invest in a field enabling us to eliminate a fundamental risk to the world and enjoy new business opportunities as well as create new jobs at the same time. As part of this approach, Group Companies execute studies for calculating and reducing emission in line with the Koç Group Climate Change Strategy and 2020 GHG Strategic Plan.

Koç Holding and the Group Companies carry on with their projects to fight the climate change and also play active roles in the platforms seeking solutions to the issue. For instance, **Arçelik**, **Aygaz** and **Tofaş** joined the Climate Platform of Turkey established and led by REC Turkey. Moreover, Koç Holding Group Companies are represented on the Turkish Climate Change Leaders' Group at senior level.

The Kyoto Protocol is by far the essential official document regulating the international climate regime and a Global Climate Summit was held in Durban, South Africa to discuss how the new climate regime would be shaped as the first obligation period of the Kyoto Protocol ends in 2012. Levent Çakıroğlu, Koç Holding Durable Goods Group President and **Arçelik** CEO, represented Turkey as the term spokesperson for the Turkish Climate Change Leaders' Group during the UN Climate Change 17th Conference of the Parties held with the participation of Government representatives, international organizations and NGOs from 190 countries. Levent Çakıroğlu presented his views on the subject at a panel discussion titled "The Road to Rio+20: Business Leadership Driving Change" and also participated in the Global Business World Day and spoke as a guest speaker in another panel meeting titled "Carrying on with Action: Development for the Business World and Everyone".

Further details regarding Koç Holding's approach to climate change and emission management can be found in the corporate social responsibility section at [www.koc.com.tr](http://www.koc.com.tr).

\*Number of facilities, which was 82 in 2010, decreased during the reporting period as a result of the sale of Koç.net. Yapı Kredi facilities are not included in this calculation.

203.5

TL MILLION

Total amount of environmental impact reduction and protection investments from Koç Group Companies in 2011

3.37

MILLION GJ

Total energy saved in Koç Group Companies during 2011

63

Number of plants certified with ISO 14001 in 2011

89,140

Number of saplings planted in 2011 as a result of the Group-wide forestation works.

## Koç Group Climate Change Strategy:

### Products:

- Koç Group will emphasize environmental sensitivity on all of the products it manufactures, will be transparent regarding the impact of these products on the environment, and will contribute to the development of environmentally-friendly product technologies.
- Koç Group will carry out projects to develop innovative products and create technologies that are more sensitive to the environment and more compatible with a low-carbon economy in the areas it focuses on.

### Operations and Production Processes:

- Koç Group will reduce GHG emissions and the negative impact on the environment in parallel with developments in the sector pursuing a continuous improvement approach by measuring the environmental impact of all of its operations and production processes. It will also be a national pioneer in this regard.
- It will analyze "The Best Available Technologies" and make its production processes compatible with these technologies within the framework of a specific plan.
- It will carry out projects to increase the use of renewable energy resources in its production processes.

### Suppliers and Customers:

- It will work to increase environmental awareness of suppliers, customers and

society.

- All types of technical support will be provided to suppliers for environmentally-friendly production and products.

- The Koç Group's goal is to employ environmentally sensitive purchasing criteria in its purchasing systems.

### Contribution to the Formulation of Environmental Policies:

- It will work actively with CSOs and government institutions, sharing knowledge and supporting the formulation of national environmental and climate change policies.
- It will contribute to developments by actively participating in constructive international policy making platforms.

### Innovation:

- In order to develop creative and innovative methods that reduce climate change impacts and are environmentally sensitive in terms of products, manufacturing technologies, operations and business models, Koç Group will work together with Koç University, other universities, relevant R&D organizations and centers, and it will contribute to an increase in the knowledge in our country regarding low-carbon economy technologies.
- It will work to develop new business models and new fields of business activity that are innovative, creative and compatible with a low-carbon economy.

improvement and use of more efficient equipments; thereby enjoying 316,955 tons CO<sub>2</sub>e of reduction in GHG emission in 2011, accounting for 91% of the total Group emission reduction. Three projects realized in İzmir Refinery during the reporting period, namely Boiler Feed Water (BFW) Heat Reduction/BFW Header Change, Increasing Efficiency in Boilers and Furnaces, Completion of Isolation Losses and Regular Maintenance of Steam Traps, stand out among the others as those alone reduced 49,939 tons CO<sub>2</sub>e GHG emission and saved TL 17.4 million.

### The 2 °C Challenge Communiqué

Arçelik and Tofaş signed the 2 °C Challenge Communiqué drawn up by the Corporate Leaders Network (CLN), along with over 200 corporate executives from different sectors in 29 countries, thereby reinforcing their pioneering role in Turkey to fight the climate change.

### Protecting the Quality of the Air

Koç Group Companies' operate in accordance with the parameters and quality values specified in emission permits issued by the Ministry of Environment and Urban Planning. The emission values are measured in line with continuous or periodic sampling, using methods specified on the basis of parameters, such as SO<sub>x</sub>, NO<sub>x</sub>, VOC and PM, pursuant to the Industrial Air Pollution Control Directive. Emission values are subject periodically to independent audits by accredited institutions as specified in regulations. Furthermore, these values are periodically monitored by the Ministry of Environment and Urban Planning and the Provincial Environment and Urban Planning Directorates. As a result of these measurements and evaluations, it is observed that, company-based values are lower than the emission limits specified for the concerned companies and parameters.

The Group Companies conduct continuous improvement projects regarding the related parameters in order to protect air quality. For instance, Opet started a project in 2011 in its Marmara, Körfez, Aliğa, Mersin and Giresun Terminals to make the filling islands compatible with the filling from below system so that the volatile organic compounds can be taken under control while the product transfer risk can also be eliminated.

As a result of the improvement projects undertaken, the GHG emission of the Group Companies was reduced by a total amount of 348.6 thousand tons of CO<sub>2</sub>e despite the increase enjoyed in production during 2011. The aforementioned reduction sum is by approximately 18 thousand tons of CO<sub>2</sub>e over the GHG emission reduction achieved in 2010 and the total sum of reduction achieved since 2009 has exceeded 1.3 million tons of CO<sub>2</sub>e. Thanks to those projects carried out, the total direct and indirect emission produced by the Group Companies in 2011 declined by 116.6 thousand tons of CO<sub>2</sub>e when compared with the year 2010.

With its 162 energy efficiency projects completed in 2011, Arçelik reduced GHG emissions by 10,679 tons of CO<sub>2</sub>e.

Ford Otosan owes the 1,320 tons of CO<sub>2</sub>e portion of the total 2,065 tons of CO<sub>2</sub>e GHG reduction performance in 2011 to the boiler automation and waste heat recovery project in its Kocaeli Facility, as well as, to completion of the project for improvement of the air-conditioning improvement through implementation of air quality sensors in the workshops.

Tat, prevented 3,025 tons of CO<sub>2</sub>e GHG emission in 2011 thanks to the energy efficiency achieved through the use of more efficient equipments in the boilers, various process improvement and waste heat recovery. Together with the studies realized in various other plants during the year, 3,664 tons CO<sub>2</sub>e of GHG emission has been prevented.

Tüpraş, undertook 92 projects focused on the prevention of energy loss, process





Otokar Plant

## Efficiency at Koç

Projects for efficiency not only contribute to economic sustainability due to the cost advantages they provide, but also play an important role in the improvement of environmental sustainability. In line with the Koç Group Environmental Policy and Vision, our Companies implement projects, innovative practices and joint studies focused on energy efficiency, resource consumption, waste management, recovery and recycling. Energy management constitutes the most important aspect of those projects because of its impact on the climate change. Every year, great effort is made to exceed the performance goals set on Company and Group levels.

In spite of the significant production increase enjoyed during the period, the Koç Group Companies achieved 3.37 million GJ reduction in their energy needs in 2011 through the efficiency projects they implemented. During the reporting period, through improvements made in energy portfolio, total indirect renewable energy purchased increased 30 folds when compared with the previous year. This way the GHG emission is reduced while the need for energy is still met. The share of the energy efficiency improvement in the GHG reduction performance in 2011 amounts to 347.6 thousand tons CO<sub>2</sub>e.

### Reduction Achieved in Energy Consumption (million GJ)

2011	3.37
2010	3.35
2009	2.30
2008	1.69

## Reduction in Indirect Energy Consumption

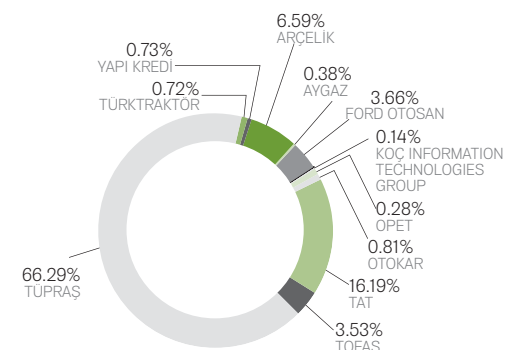
A significant share of the energy consumption portfolio of the Koç Group Companies is composed of indirect energy consumption. Part of the indirect energy consumption arises from procured energy while another part consists of the energy consumption arising from sub-contractor productions, business travels and personnel commuting. In 2010, Koç Group Companies worked on efficiency projects to improve performance in these areas.

Otokar has been implementing improvement projects regarding the personnel commuting for the last three years. The shuttles that travelled 2.2 km per person on average in 2009, travelled 1.868 km in 2010. Therefore, the energy consumption was reduced by 34.8 GJ. In spite of the increase in the number of the employees using the personnel commuting service in 2011, Otokar managed to reduce the total shuttle service distance travelled by 100 km and travel distance per person by 1,863 km. Hence the company improved its performance by another 1 GJ. Although this improvement accounts for a modest proportion in total energy and emission stock, for us, the personnel commuting service optimization is an important practice area as it sets an example.

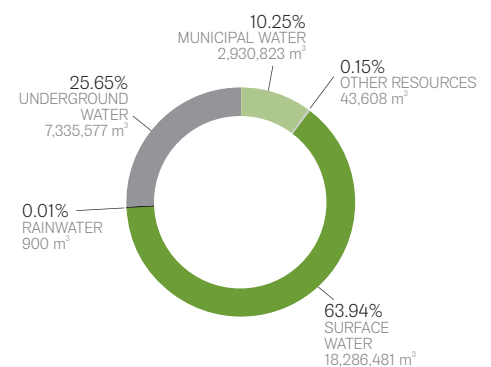
Since the Koç Group Companies operate in many diverse sectors, they use hundreds of resources different from each other and water is no doubt the common and the most important resource among those. The efficient use of the clean water resources, which unfortunately are on decline due to the increase in population and the climate change, is one of the most material environmental performance issues. The main components of water performance for our Group Companies are reducing withdrawal by amount, increasing in water recovery and recycling, diversifying the resources, and finally achieving higher quality in waste water discharge while decreasing the total amount. Water consumption performance tends to vary and depends on the changes in production amounts. That is why an increase in our total water consumption was observed in the year 2011 in parallel with the distinct tendency of increase experienced in our production levels. The total water consumption of the Group Companies therefore reached 49.3

million m<sup>3</sup>. Nonetheless, 12.7 million m<sup>3</sup> of water was recovered and used back in production. Consequently, 20.5% of the water used in production originally came from the recovered water.

### Total Water Withdrawal by Group Companies



### Total Water Withdrawal by Source



348,6

THOUSAND TONS

*GHG emissions  
reduced by Koç Group  
Companies in 2011*

256,5

THOUSAND TONS

*Total amount of wastes  
recycled by Koç Group  
Companies in 2011*

Koç Group Environmental Policy stipulates that the Group Companies must reduce the waste produced as a result of their operations firstly at the source and recycle as much as possible. The waste that is not possible to recycle is disposed according to the methods in line with the environmental regulations, management standards and the type of waste. Thanks to this approach, 93.1% of the 275.5 thousand tons of waste produced was recycled in 2011.

### Waste Water Disposal

Our fundamental goal regarding the waste water management is to reclaim the waste water for production through recycling practices. In 2011, 2.7 million m<sup>3</sup> of water was recycled for production. However, it is not possible to reclaim the entire amount of waste water. The waste water from the operational facilities undergo either chemical or biological treatment processes depending on their pollution values and after it attains the quality norms specified in the discharge permits issued by public organizations, it is discharged either to the receiving environments specified or into municipal waste water systems. In an effort to avoid any negative impact on the living species in the natural receiving environment or on its biodiversity value, the quality parameters of the waste water discharged are monitored and improvement projects are undertaken. In 2011, 16.9 million m<sup>3</sup> of waste water arising from the operations of the Group Companies was processed by the waste water treatment units and discharged after complying with quality norms.

### Koç Group Recycling Project

The efficient use of resources play an important part in reducing the impact on the environment while ensuring the reuse of the waste produced gets to be more important day by day for achieving efficiency. Recycling not only reduces the need for new materials thereby creating economic value, but also eliminates the environmental impact caused by the waste. For instance, 1 ton plastic bottles, which would take 500-1,000 years to decompose in the nature, if recycled, will save 146.5 GJ of energy. In the same way, 1 ton aluminum bottles, if recycled, will save 16,000 litres of water and 14,000 kWh of energy. In the light of this fact, Koç Group Companies launched the Koç Group Recycling Project in 2010 and continued it in 2011 with a view to creating an awareness of recycling among their employees, ensuring the recycling of paper, glass, metal and plastic wastes according to a common standard and increasing the total sum of waste collected. As part of the project, environmental awareness trainings were provided for the employees through Koç Academy Platform, various activities were held to boost the motivation of the Group Companies' employees for volunteerism. Amounts of waste collected by Group Companies were monitored while auditing the recycling companies. Our Companies carried on with the projects to increase awareness regarding the matter and also became members of the Global Recycling Network.

Within the scope of the project, the waste recycling sum of our Group Companies and their emission reduction amount equivalence are registered and monitored through a common database. Hereunder, in 2011 our Group Companies collected back 1,600 tons of paper, 52 tons of glass, 32.3 tons of metal and 217 tons of plastic waste. The total sum of paper collected saved 27,200 trees while the collected metal waste saved 322,695 litres of petroleum products, the collected glass waste saved 5,200 litres of petroleum products and the plastic waste collected saved 3,037,000 kWh of energy. Thanks to the total sum of the waste collected, 52,978 trees were saved in total.

### Operational Entry and Decommissioning Practices

Koç Group Companies engage in certain pre-determined actions when opening a new operational site or decommissioning an existing one. A number of companies perform this work using a check list. Our fundamental principle is not to make any negative impacts on the existing environmental, social and economic value of an operational site when launching an operation; and when it is time to exit an operational site, to leave it only after restoring the natural features that were there when we took over, and preventing the decommissioning from having any environmental impact.

Our operations may have both an environmental impact as well as a social and economic impact. For example, thousands of people are employed at these operational sites, making a contribution to the local economy. Consequently, the social and economic impacts are evaluated as well as the environmental impacts when initiating an operation or terminating one and an attempt is made to avoid all negative impacts. Naturally, the general principles of the work that is performed in this regard are common, but the type of practice is shaped by the nature of the sector in which the company is involved. Since Koç Holding is a growing and developing organization, start-up operations are experienced frequently while decommissioning of operations is rare and generally applies to the certain units rather than a field.





TürkTraktör Production Plants

## Efficiency Practices of Group Companies

**Arçelik** recycled 18,600 m<sup>3</sup> of water through various projects implemented in 2011. In the Washing Machine Plant, the use of the test water in the paintshop processes saved 12,000 m<sup>3</sup> while the cataphoresis tank anolyte system water recycling project saved 5,700 m<sup>3</sup> of water; recovery of the condensed water in the Electronics Plant air-conditioning stations to be used in the filling of the fire engine and in the steam boilers saved 900 m<sup>3</sup> water in total. 162 different energy efficiency projects implemented saved 13.7 million kWh of electricity, 1.8 Sm<sup>3</sup> of natural gas and 142,820 m<sup>3</sup> of air, therefore amounting to 116,252 GJ in total energy saved. 84 of those projects carried out focused on improvements in the production processes while 32 were about electric equipment, 22 about lighting, 8 about compressed air, 8 about engines, 5 about natural gas and finally 3 of them focused on improvements regarding air-conditioning and ventilation. As a result of those efforts, the indirect GHG emission was reduced by 6,917 tons CO<sub>2</sub>e and the direct GHG emission was reduced by 3,762 tons CO<sub>2</sub>e.

**Aygaz**, Kırıkkale Filling Facility achieved annual saving of 12.6 GJ electrical energy through modifications made in filled tank entry lines in stock platform by shortening the lines and decreasing the traction loads of electric engines. The two air compressors used to feed the tank filling was replaced with a more powerful single compressor saving energy, which led to an annual saving of 66.15 GJ in electricity used.

**Ford Otosan İnönü** Plant introduced more efficient lighting fittings in the factory and warehouse, more efficient electric engines and steam boilers, soft start drivers in the compressor engines and achieved reduction in the heat loss from the hot water valves eventually saving 10,551 GJ of energy in total.

In 2011 **KoçSistem** data center replaced the uninterruptible power supplies with new and more efficient equipment, improved the outdoor illumination and consequently saved 1,153 GJ, while **Callus** Samsun operation centres saved 594.5 GJ with the introduction of the sensor lights

and remote control air-conditioning and **Promena** saved 144 GJ thanks to the virtualization of the 6 servers.

**Opet** Lubricants Plant optimized the blending timing, saving 33.9 GJ in energy. The terminals use discharge water in fire prevention water reserve, field washing and in pig operations, hence enjoying a recovery ratio of 51%. Once the rain water collection pool projects launched in Mersin and Giresun Terminals in 2011 have been completed, rain water will be collected in a single spot to be directed to the discharge channel and will also be available for field watering.

**Tat** Karacabey Plant saved 1,638.3 GJ energy thanks to the improvements made in evaporator serpentine unit and steam exhaust turbine. Torbalı Facility undertook steam boiler surface blow-off and flash steam heat recovery projects, which resulted in 1,511.4 GJ of energy saving. Mustafakemalpaşa Plant saved 26,418.7 of energy through introduction of economizer practice to the steam boilers and beginning to RO water use; 15,361.8 GJ through the heat recovery from the surface blowoff and flash steam; 8,635.7 GJ through switching to natural gas for the heating of guesthouse; and an additional 762 GJ through more efficient use of water feed pumps. Sek Milk Plant began to use the flash steam energy to produce hot water and revised the condenser groups, which led to 5,147.3 GJ of energy saving. Karacabey Plant saved 230,400 m<sup>3</sup> of water through reuse of water in the tomato paste can cooling machines; and additional 72,000 m<sup>3</sup> by reusing of the water on the aseptic lines.

**Tofaş**, saved 95,000 GJ in 2011 through 140 energy efficiency projects; thus decreased energy intensity by 35% during last 3 years. By switching to the use of recyclable tanks instead of barrels which create hazardous waste, thereby 137 tons of waste has been prevented; and also 15 tons of waste reduced through LDPE film practice on the barrels coming out from the pasting lines and treated as hazardous material. Thanks to the change in robot software, 4 tons of paste was collected to be re-used, hence reducing emission by 10 tons CO<sub>2</sub>e. Through improvements made in surface treatment baths, water consumption and waste water creation were decreased by 25%, energy

consumption was reduced by 12% and chemical contamination was decreased by 90%.

Through energy efficiency projects focused on process redesign, use of more efficient equipments and prevention of losses and leaks, 4 refineries of **Tüpraş** saved approximately 3.05 million GJ of energy.





Ford Otosan İnönü Factory

## Biodiversity and Environmental Development Projects

All Koç Group Companies are responsible for preventing our operations from having any negative impacts on the physical integrity of natural areas located on or near operational sites and on the living organisms inhabiting there. All Group Companies conduct risk assessment projects in order to fulfill this responsibility, taking precautions against these risks, measuring and monitoring their environmental impact in a multi-dimensional fashion. None of the operational areas of Group Companies are located on protected natural areas, special environmental preserves or RAMSAR sites as specified by the law or international agreements. There are no areas or water resources which have suffered a significant impact in terms of biodiversity value or population of species as a result of the Group Companies' operations.



The wetland on the 5.4-acre plot inside Ford Otosan Gölçük factory site has a biodiversity value as it is located on a bird migration route. For this reason, the wetland was put under protection by Ford Otosan to prevent it from being affected by operations and to ensure that the migration routes of these birds are not changed. An 8.6-acre plot created on a nearby site as a result of a settling that occurred after an earthquake has been rehabilitated in cooperation with the TEMA Foundation. It was converted into a park open to visitors and employees after reforestation.

Projects for the preservation and development of forest lands, which decrease day by day, are institutionalized operations for the Koç Group Companies and are realized as part of the Group's environmental management while being monitored through the sustainability performance system. Group Companies' interest in the issue is always revitalized by the periodically organized reforestation campaigns held at the Group level. Group Companies, in return, plant thousands of saplings annually to support the starting of new forests or to rehabilitate the damaged forest lands. On both Group and company levels, our most important project partner in such projects is the TEMA Foundation. In 2011, 89,140 saplings were planted in total thanks to the reforestation projects conducted by our Group Companies. The total number of trees planted in the last three years, including 2011, exceeds 160 thousand.

Thanks to the reforestation projects carried out in 2011, Arçelik planted 6,500 saplings, Aygaz planted 1,116, Otokar planted 2,000 saplings, while Koç Information Technologies Group planted 2,000 saplings during Green Information Platform Project and additional 150 for New Graduate Program. Tüpraş, which planted 14,148 saplings as part of many activities undertaken throughout the year, also planted 1,945 saplings through TEMA Foundation in an effort to offset the CO2 emissions caused by the fuel consumption of vehicles used by the Headquarters.

Opet, as part of the Green Road Project which has been conducted since 2004 in cooperation with the Directorate General for Highways and TEMA Foundation, planted 26,425 saplings at 42 stations. Thanks to the project, so far 503,117 plants which are suitable to regional, climate and soil conditions were grown at 613 stations and on the clearings located by the municipalities.

TürkTraktör planted 30,000 saplings in Antalya reforestation area. TürkTraktör also donates saplings on behalf of its customers within the scope of the project. Yapı Kredi Operations Management also planted 1,600 saplings to celebrate the birthdays of its employees.

## Number of Saplings Planted by Year

89,140



2011

42,747



2010

65,000



2009

1,194,020



2008

63,952



2007



Arçelik Ankara Factory

## Environmentally Friendly Products at Koç

Koç Group Companies aim to reduce the environmental impact in every stage of the product life-cycles. One of the most important aspects of this is to reduce the impact stemming from the consumption of those products. For that reason, every year Group Companies conduct R&D and investment projects to increase the environment friendly features of their products and services, thus providing greener choices for their consumers. For instance, thanks to the selection of the products and services provided by **Arçelik**, **Aygaz**, **Opet** and **Koç Information Technologies Group** in 2011, consumers saved 1.2 million GJ in energy.

**Arçelik** managed to develop tens of new products setting the best examples world-wide in all product segments as a result of its R&D projects carried out with a total budget of TL 18.13 million for the development of environmentally friendly products. In addition to that, the total energy consumption of its products decreased by 9%.

**Arçelik** upgraded 33 basic model refrigerators from A class to A+, 27 basic model refrigerators from A+ to A++ class and also reached A+++ class in four main models. This way, A+ refrigerator production in 2011 reached 30% of the total production and there are now no refrigerators from B class left in this product group. Starting from 1 July 2012, in line with the EU and Turkish Republic regulations, all the refrigerators **Arçelik** manufactures for these markets will be in A+ or superior energy classes. The noise levels of the refrigerators were significantly reduced thanks to the R&D projects and S54200B A++, together with K54283B A+++, managed to be two of the most silent refrigerators in their category. 2488 CNG A+++ Kombi No-Frost refrigerator, launched in the period, works 60% more efficiently than the A class No-Frost products with the same volume. 2488 CNG, which is one of the products consuming the least energy in its category, is capable of running for 2.5 years with the same amount of electricity consumed by the A class products in 1 year. If all the refrigerators in Turkey are replaced with 2488 CNG, the total energy saved would amount to the 14.5 month energy production of the Ataturk Dam. Having a low noise level of 40 dBA, the

product uses ozone-friendly R600a refrigerant gas. The counter level A+++ refrigerators launched during the year have a low noise level of 37 dBA, enjoy 60% in energy efficiency and feature R600a as refrigerant gas. The new A+ joker counter level refrigerator enables the users to convert freezer into cooler when they do not need it, hence saving up to 50% energy.

**Arçelik** 92104 PFEI Kaktüs, with its 6 litres of water consumption, is among the world's least water consuming dish washers and works in A+++ energy class during standard washing program and in A++ level during Eco6L program. The product saves 15% energy thanks to the Alumination™ isolation technology developed by **Arçelik** and energy recovery from waste heat feature, while saving 14% water through water recovery feature. If all the dish washers in Turkey are replaced with Kaktüs, the total energy saved will equal 146.9 MWh and the total water saved will equal 22 million tons annually. In 2011, this product won Istanbul Chamber of Industry Large Scale Corporation Sustainable Environment Top Prize. During the year, in IFA Fair **Arçelik** also presented Beko DFN 71046 X30 A+++ -10% and Bloomberg GSS 9482 X20, which are the world's least energy consuming dish washers in their categories

**Arçelik** washing machines featuring load sensor technology are among the world's most efficient products as they save up to 20% water and use A+++ -10%, A+++ -20% and A+++ -30% energy depending on their capacities. Mass production began for the Nova washing machine, which reaches A+++ -30% energy level through Aquafusion sensitive water control system and brushless engine technology. Thanks to the load sensor technology of Nova and the fact that it provides users with suggestions regarding the use of detergent and washing more clothes together depending on the selection of the user for the level of dirt on clothes; detergent, energy and water consumption of the machine is reduced.

During the year **Arçelik** improved the Eco-Turbo function, thereby achieving the lowest energy consumption, A-40%, in medium-large volume ovens. Produced with 100% recyclable plastic material and proved to be the world's least energy consuming oven in the world as a result of the market researches carried out, CSM 62520 already complies with the stand-by regulations to

take effect in 2012. Products with low energy consumption are tested by independent and trusted institutions in line with EN50304, EN60350 energy consumption calculation standards and EN directive 2002/40/EC and test results validate values declared by **Arçelik**.

In 2011, **Arçelik** began to produce more energy efficient TVs by using LED panels instead of LCD. The changes made to the design of the product reduced the stand-by power below 0.5W. The R&D projects carried out have cut down the energy consumption of the products when used by 16% while decreasing their stand-by mode energy use by 32%. As a result, 44,368 MWh is saved in total. The launch of unpainted cabin application decreased the paint consumption by 47%. In 2011 A energy class products were launched for the first time in 40"-46"-55" sizes. By Eco-flower accreditation of 40"/46" model TV sets, **Arçelik** also became the first Turkish manufacturer to obtain this certificate.

**Arçelik** began to use glass lids for the tumble dryers, therefore increasing the recycling rate of the products and also shifted them from A-30% class to A-50%. **Arçelik** produced 3885KT tumble dryer as part of this development. The project led to the development of new products as well boasting capacities of 7 kg and 8kg in A-10% and A-30% energy classes.

**Arçelik** achieved 1.5 dBA noise reduction and further energy efficiency thanks to the NTU model compressor project. When the planned production figures for 2012 are taken into consideration, the NTU model new compressors are estimated to save 16,425 GWh.

**Arçelik** expanded the IE2 and IE3 industrial engine product groups in 2011. The IE2 engines can save 60,720 MWh. The fact that the IE2 and IE3 engines are provided with inverters, system solutions consuming 20-40% less energy are established while products have already become compatible with the engine+inverter practice to be obligatory as of 2015 in line with the EC 640/2009 regulation. The fact that the efficiency value for the asynchronous engines used in the dish washers has been increased from 55% to 60% saves 3,255 MWh of energy annually.

**Aygaz's** product for the auto-gas segment,



## Environmental Trainings Provided in 2011

<p>26,022</p> <p>PARTICIPANTS</p> <p>67,837.3</p> <p>MANxHOURS</p> <p><i>Trainings for Company</i></p>	<p>15,303</p> <p>PARTICIPANTS</p> <p>39,111.1</p> <p>MANxHOURS</p> <p><i>Trainings for Contractor</i></p>	<p>30,946</p> <p>PARTICIPANTS</p> <p>97,016</p> <p>MANxHOURS</p> <p><i>Trainings for Social</i></p>
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saves up to 2.29% on fuel at a constant speed of 120 km/h. The use of Aygaz products in 2011 saved 509,240 GJ of energy.

More than 100 engineers from **Ford Otosan** participate in the Global Duratorq® Engine Project launched in 2011. Aiming at a higher efficiency level with the low volume Euro5 class engine, the project ensures up to 17% saving on fuel thanks to the revisions made on the Duratorq® engines while Euro5 class CO<sub>2</sub> emission rates and 40% less NOx emission rates are achieved. Manufactured by **Ford Otosan**, Cargo® trucks with Ecotorq® Eu5 engines produce 67% less NOx emission and 95.5% less CO emission when compared with vehicles running on Euro 3 engines. Moreover, when compared with vehicles running on Euro 5 engines, they produce 17.5% less NOx and %93.7 less CO emission.

Thanks to the goal of implementing the Green IT concept in the service infrastructure preferences, **Koç Information Technologies Group** Companies provide environmental-friendlier products when compared with their equivalents. In 2011 over 1,130.4 GJ was saved on energy at **KoçSistem** datacenters thanks to the improvements achieved in the air-conditioning, uninterrupted power supplies and illumination systems along with the automatic "power saving" feature on the PCs covered as part of the desktop management service. During the year, number of physical servers increased only by 16%, while the number of virtual servers increased by 126%. Services provided by Promena such as e-Procurement, e-Tender, e-Catalogue and Supplier Portals consumer less energy than their equivalents as a result of the infrastructure used. The 6 servers used in the e-Procurement service was virtualized, hence the need for energy reduced by 144 GJ in 2011. The projects carried out by the **Callus** Samsun service location led to saving 594.5 GJ on energy. In 2011, **Koç Information Technologies Group** provided services demanding 1,889 GJ less energy for its customers.

Consumers preferring **Opet's** product, Adblue® improving fuel economy by 2% for diesel vehicles, saved 81,859.8 GJ in of fuel in 2011. Apart from the fuel economy, Adblue® also decreases the CO<sub>2</sub> and SO<sub>x</sub> emission significantly. An Adblue® production facility with an annual capacity of 10,000 tons and an Adblue Laboratory for product

analyses have been established at Marmara Terminal.

**Otokar** undertook various projects to develop the Kent LF and Kent H vehicles running on Euro4 class engines while setting the EEV emission class engines on these vehicles as a standard. The CNG fuel option version of the same vehicles are now ready for production while the EEV engine option has been realized for Territo model vehicles too. While decreasing fuel consumption, by shifting vehicle engines from the Euro4 class to the EEV class, the most significant difference realized is the reduction in the hazardous gas emission, which has gone down by almost 50% and the improvement on the noise levels. **Otokar** completed the work for the 0 emission electric version of the 9m Doruk (Vectio) LE vehicle in 2011 while the testing and validation processes for the vehicle are currently still underway.

**Tofaş** began to use Euro 5 engines on the vehicles exported to the European market as of 2011, thereby enjoying an improvement of 25% in hydrocarbon emission and 88% in particle emission. The choice of the recycled material for the plastic parts of the vehicles led to the production of 37 different parts with 21 kg recycled material and as a result 900 tons of recycled material was used annually. 35 kg reduction in material use was achieved as of 2011 thanks to the combination of the work launched in the previous years to make the vehicles lighter in weight as well as with the further development of the projects for using biodegradable plastic and rubber recovery. Consequently, the GHG emissions from the vehicles are reduced by 3.5 grams per kilometer. The CNG vehicles, manufactured as part of the projects to diversify the fuel alternatives of the vehicles, reduce CO<sub>2</sub> emission by 20%. Start-Stop technology provides a reduction in fuel consumption and emission by 8-10% for the gasoline vehicles and 4-6% for the diesel vehicles. In addition to that, various projects have been launched for bioethanol vehicles and the use of renewable energy in drive comfort features

**TürkTraktör** managed to upgrade the engines of the 77 models manufactured in 3 different series from Tier 2 to Tier 3 emission levels as a result of a project carried out in 2011 to reduce the emission levels for the 8000 series.

## Environmental Protection at Koç

Training activities aimed at increasing the awareness of its employees, contractors and various segments of the society for environmental protection along with environmental projects developed in various fields, constitute a great deal of the environmentally friendly practices carried out by Koç Group Companies.

We believe that the environmental protection activities should not be limited to the company and should be disseminated to the society at large. That is why; Group Companies implement environmental projects that focus on the wider society starting from the local community in their place of operations.

## 2011 Environmental Awards

In 2011 Group Companies enjoyed the appreciation of various institutions for their environmental practices, entitled for various awards.

After being rated in 2010 – first time in the global white goods sector - to "golden" level for energy efficiency in production with its 8 plants in Turkey, **Arçelik**, in 2011, scored another hallmark by its refrigerator, washing machine, cooking appliances and compressor plants through extending their success to a higher level and therefore leading the company to be awarded the "platinum" level for energy efficiency in production. Meanwhile as a result of the projects carried out, one of the plants abroad managed to reach the "golden" standard level. **Arçelik** was also awarded the top prize for its "Kaktüs" dish washer, second prize for the "Economist" washing machine series in the Large Scale Corporation Sustainable Environmentally Friendly Product Category and was also awarded the second prize for its "Standing United for Education" in the Large Scale Corporate Social Responsibility Category of the Sustainable Environmentally Friendly Product and Practice Competition held by Istanbul Chamber of Industry. Beko DSN6634 FX dish washer, produced by **Arçelik**, proved itself to be a "Test Champion" in the categories of quality, environmental impact and ease of use as a result of the tests carried out according to many criteria by Stiftung Warentest (StiWa), the most prestigious independent testing and research institute in Germany. Finally, as a result of the ATLETE Project carried out by the CECE and European Commission for





Green Information Platform - Koç University "Responsibility Now Before the Resources Cease" Conference

the testing of the energy efficiency of products, three different models of Beko refrigerators turned out to be among the few brands complying with the declaration for the correct labeling of products.

"What will the Weather Be Like Tomorrow?" project undertaken by **Aygaz** received the following awards: British PR Excellence Awards – Corporate Social Responsibility Category Grand Prize, International Stevie Awards – Environmental Responsibility in Europe Category High Honour Award, International PR Association -Environment Category- Golden Globe Award, Direct Marketing Communicators – Roadshow Category Third Prize and finally Istanbul Chamber of Industry – Large Scale Corporation Social Responsibility Category for Environment Grand Prize. **Aygaz** Safranbolu Filling Facility also received the Environment Award handed by the Governorship of Karabük.

In 2011 **Ford Otosan** received the Third Prize in the category of Large Scale Corporation Sustainable Environmental Friendly Practice in the competition held by Istanbul Chamber of Industry while **Ford Otosan** İnönü Plant received the Şehabettin Bilgisu Award for Environment, handed by the Minister of Environment and Urban Planning Erdoğan Bayraktar. Apart from that, **Ford Otosan** also won Adnan Şener Special Award in Environmentally Friendly Product category with its "Ecotorq Engine Project", and also won the Corporate Social Responsibility Jury's Special Award for its "Sharing Environmental Awareness" in the competition held by Istanbul Chamber of Industry, hence receiving four environmental awards in 2011.

The Green Information Platform from **Koç Information Technologies** was awarded with Friend of the Environment Certificate during the Global Warming Convention held by the Economy Journalists Association in 2011.

**Opet's** "Green Road" Project won the Third Prize in 2011 in the Large Scale Corporation Environmental Social Responsibility Category in the competition held by Istanbul Chamber of Industry.

During the year, **Tofaş** was awarded in the competition held by the Ministry of Energy and Natural Resources in the category of Energy Efficient Industrial Facility, won Necati Arıkan Special Award given by Istanbul Chamber of Industry in the category of Large Scale Corporation Sustainable Environmentally Friendly

Practice, and finally was one of the finalists from Turkey in the Management Category of the EU Environment Awards Project organized in cooperation with REC Turkey and TUSIAD.

During the 12<sup>th</sup> Industrial Energy Sufficiency Project Competition (SEVAP) organized by the Ministry of Energy and Natural Resources, **Tüpraş** İzmir Refinery won the top prize for the SEVAP-3 Category while **Tüpraş** Batman Refinery won the top prize for the SEVAP-2 Category. İzmit Refinery received Certificate of Appreciation as part of the 17<sup>th</sup> Şehabettin Bilgisu Environment Awards organized by Kocaeli Chamber of Industry in recognition of the refinery's hard work for the prevention of environmental pollution.

#### The Green Information Platform

Launched by **Koç Bilgi Grubu** in 2008, the Green Information Platform reached over 30 business partners and volunteers as many as 5,000, therefore advanced to be the Environment Platform of Turkey. The platform has so far conducted over 15 different projects and in 2011 organized an environment conference titled "Responsibility Now before the Resources Run Out" in cooperation with Koç University, on the World Environment Day and Environment Protection Week. The business and economy leaders met academicians, NGOs, artists and journalists during the conference. Ali Y. Koç, Koç Holding Board Member, also participated in the conference featuring sessions under three different titles in the economic, academic and social categories to discuss the protection of the natural resources, suggestions for environmental problems with participants from the private sector, civil society, universities and every segment of the society.

#### Tofaş and TürkTraktör Support Environmental Awareness

In 2011 **Tofaş** made the e-training platform which was developed for increasing environmental awareness among employees, available for the MLM Fiat Laboratory students. In addition to participating in the WWF World Hour organization with its facilities in Istanbul and Bursa every year; **Tofaş** also supported the WWF Turkey's Soul Campaign with its Fiat brand, which was declared once again to be the environmental-friendliest car in a row according to the JATO results and which meanwhile boasted the product group with the lowest CO2 emission levels as well.

During Environmental Week in 2011, **TürkTraktör** announced the results of Waste Recycling Competition which was initiated on the 23<sup>rd</sup> April National Sovereignty and Children's Day in order to raise environmental awareness among children of employees aged 7-12. The projects running in the competition were assessed by a jury and the children were awarded at a Summer Festival with their families.

#### Happy Wastes: Packaging Waste Parsing Movement at Aliğa

Within the scope of the Happy Wastes Project organized by **Tüpraş**, various activities were held in 2011 reaching over 5,700 students. 8.5 tons of packaging waste was collected leading the campaign to save 200,000 m<sup>3</sup> of water (accounting for daily water demand of 200 households), 76,000 liters of petroleum products, 900 m<sup>2</sup> of forestland and thousands of trees.

#### Flora Project

**Tüpraş** Kırıkkale Refinery launched the Flora Project in cooperation with the Kırıkkale University Environmental Issues Practice and Research Centre along with the participation of 50 volunteers to identify various plants and saplings grown and planted since the establishment of the Kırıkkale Refinery. Once the project has been completed, the information will be published thanks to the assistance of the TEMA Foundation. **Tüpraş** employees planted 98 ornamental plants and saplings thereby launching **Tüpraş** Rock Garden in cooperation the TEMA Foundation and Kırıkkale University Department of Biology. Within the scope of **Tüpraş** İzmit SEK Nature Activities Club's "Summer Grows Fruits and We Collect the Seeds", 1 million fruit seeds were collected in 2011 with the participation of the **Tüpraş** HQ and İzmit Refinery employees. The seeds and the 2 million tree seeds provided by the İzmit Refinery Greenhouse employees were delivered to the TEMA Foundation Kocaeli Branch to be grown into seedlings.

#### Infinite Blue

Infinite Blue Project, organized and carried on by **Yapı Kredi** in cooperation with TURMEPA and the Ministry of Education since 2006, aims to increase the awareness of the primary and secondary school children for the protection of the natural resources. Completed in 2011, the project reached 6.6 million primary and secondary school children, giving them Infinite Blue training in 29 provinces.

# Ethical Values at Koç

*"Our principle is to be fair in all our relationships, to act in good faith and understanding to ensure mutual benefit and to comply with the law and ethical rules."*

*Our Founder Vehbi Koç*

The fact that the Koç Group is the largest taxpayer in Turkey coupled with the importance Group Companies place on transparency is a reflection of our unwavering commitment to the law of the countries we operate in and the standards required by international trade. All Koç Group Companies deem fulfillment of their legal obligations and maximization of benefit for their stakeholders as their primary responsibility. An evergreen and efficient control mechanism is maintained Group-wide in order to discharge this responsibility. In addition to the preventive approach of the procedures created within the scope of the control system, intended audits are conducted with reference to the risk of all types of misconduct in our Companies.

Audit processes are conducted by the Koç Holding Audit Group Presidency reporting directly to the Koç Holding Chairman. A significant number of Group Companies also have their own internal auditing function. In compliance with International Auditing Standards, Koç Holding and Group Companies' internal audit departments essentially perform five basic auditing processes; such as Risk Management, Processes, Financial Statements, Regulations and Compliance, Fraud.

Other processes, implemented throughout the Koç Group for the purpose of preventing fraud in addition to the audit processes are:

- Company results are monitored by conducting analytical reviews with the Koç e-Audit software developed by Koç Holding.
- Employees working in the financial departments of the Group Companies are provided with applications such as the Audit Portal and Koç Audit software for increasing their knowledge on regulations, best practices and Koç Group principles.
- The audits and reviews conducted routinely by independent audit companies give Group Companies an outside perspective regarding international auditing and risk management standards.
- Our Companies with global partners benefit from and implement not only our Group's principles, but also the knowledge and experience of foreign partners in terms of codes of ethics.

In 2011, all the audits conducted by Koç Holding and Company Internal Audit Teams included audits related to the fraud.

Our major reference in terms of fighting corruption is the "Koç Group Code of Ethics and Business Conduct". All newly-hired employees are informed on this code of conduct which is an attachment of the personnel guidelines. The Code of Conduct is also available for the employees on the web.

Implementation of the Code of Conduct and monitoring the process of compliance with the code is handled by the Koç Holding Ethical Behavior Board and the Ethical Behavior Boards formed separately in our Companies. In case of a need for amendments to the Koç Group Code of Conduct, the Koç Holding Ethical Behavior Board submits necessary update and amendments to the Koç Holding Board of Directors for approval.

Behavior that is deemed suspicious can be reported to the Koç Holding Audit Team managers by contacting them via their direct lines. The goal is to ensure that company employees can submit their allegations directly and free of any influence.

Actions to be taken in the event of any possibility of corruption in the Group Companies have been specified in Koç Group procedures. According to our procedures, when there is any suspicion of corruption, the manager of the concerned department informs the company's General Manager on the situation. The company's General Manager then immediately informs the Business Unit Presidency and the Audit Group Presidency that they report to at Koç Holding. Corruption that most likely involves material damages of less than 10,000 USD is investigated and reported by company internal audit teams while other instances of corruption are reviewed by the Koç Holding Audit Group Presidency. The results of the corruption review are conveyed to concerned senior management.

The following issues are of the utmost importance in the process of researching suspicion of corruption:

- Gathering all of the facts surrounding the issues as soon as possible
- Maintaining confidentiality
- Following the necessary legal process
- Informing public authorities or stakeholders if necessary.

In order to enhance efficiency in fraud audits, Koç Holding currently employs 2

auditors exclusively certified as CFE-Certified Fraud Examiner. Besides, auditors are supported for their CIA Certifications (Certified Internal Auditor) in order them to possess a globally acknowledged know-how and experience. The Koç Holding Audit Group Presidency currently employs 6 CIA certified auditors.

## Business Ethics in the Supply Chain

Koç Group Companies are also sharing the ethical values they are devoted to, with their value chains and providing support to the diffusion thereof, subscribing to pioneering applications in the field of business ethics. Number of active suppliers of the Companies within the reporting scope, is 6,670 during the reporting period. 17% of these suppliers have been subjected to supply chain audits during the reporting period. The rates of these audits and assessments have reached to 40% in **Arçelik** and 46% in **Koç Information Technologies Group**. The purpose of the audits consists of sharing the business conduct of Koç Group Companies with its business partners, thereby diffusing around the value chains the high standards they possess. Although methods of audit differ according to the sector where the company is positioned, as well as the goods or services supplied; working conditions provided to the suppliers' employees, any condition that might influence the product quality, as well as the company's pattern of managing environmental impacts are amongst the issues attended to in the audits. In year 2011, contracts of 8 suppliers have been terminated as they failed to fulfill the required standards. Koç Group Companies are planning to persist with their audits in the supply chain at an ever increasing pace.

17%

Percentage of Active Suppliers Subjected to Supply Chain Audits



6

Number of Certified Internal Auditors (CIA) in Koç Holding

2

Number of certified fraud examiner (CFE) in Koç Holding

## Responsible Advertising and Marketing

Koç Group Companies hold a significant share both at domestic markets and abroad regarding the sectors that they operate in, so advertising and other marketing communication tools, as well as their proper use, are extremely important. Through brand communication and sponsorship activities based on the 4 integral values of Koç Brand, which are Leadership, Optimism, Solidarity and Value Generation, it is aimed to enhance the level of social development and awareness as well to upgrade our corporate reputation in parallel to such improved public consciousness.

In this regard, our Group acts in accordance with the ICC (International Chamber of Commerce) Principles of Advertising Practice and the Advertising Self-Regulatory Board's guidelines when engaging in advertising and promotional activities.

These principles essentially cover the following issues:

- Ethical compliance
- Integrity
- Social responsibility
- Truthfulness (not being misleading)
- Advertisements that are legal and comply with regulations;
- The ability to prove the accuracy of descriptions, claims or visual depictions, which are used in marketing communications and can be documented
- Not disparaging, not benefiting unfairly from business reputation, not imitating
- Respecting personal rights

Due to its ability to provide a universal and measurable environment for dialogue, the utilization and dissemination of the digital media in communications with both internal and external stakeholders is given weight throughout the Koç Group. Usage of new media is incorporated into the Koç corporate identity guidebook, in order to define the basic principles for maintaining a specific quality and standard.

## Product Information

Providing the best possible information to our consumers concerning our products is a primary area of responsibility for all Koç Group Companies. At the core of the ethical business concept of our Companies lies providing accurate, reliable and timely information to all stakeholders concerned therewith. Under our Companies providing goods and services to large number of consumer groups in different sectors, product notifications are prepared with a scope and diligence far beyond legal obligations.

In parallel to the requirements of their relative sectors, all companies ensure that their product information reach their consumers through various methods. Differing according to the product types; product contents, usage instructions as well as environmental impacts are included in the product information. In 2011, our Companies within the reporting scope, have presented their customers goods and services under 1,360 different groups, all of which include product information details. While information regarding 56% of such product portfolio is provided through media such as the company website or labels on product packaging, in others such data are provided to the users directly by the respective companies.

### Product Labeling at Aygaz

Blue Information Card placed around the valve of the cylinder, a sector leading practice of **Aygaz**, is providing its consumers information with respect to correct and safe use of the product, including action to be taken in cases of emergency as well as contact details for **Aygaz**. Blue Information Card reaches the customer with warnings of "do not detach this card from the cylinder" and "kindly read for your safety". Consumers are further able to receive any information they desire on 24-hour basis from the **Aygaz** website, as well as from **Aygaz** Service Line. Besides and further to the comprehensive trainings taken throughout the year by dealers and their service personnel distributing cylinders, consumers are likewise acknowledged within the Training Bus, and caused to attain a consciousness regarding protecting their own safety. **Aygaz** is carrying out its mission of delivering its products to the consumers in the safest manner possible, under the same consciousness for all of the products.

### Product Labels at Arçelik

Labels on **Arçelik** products besides relating the superior features of such product to the customers, also caution them with respect to specific risks borne by the same. Care is taken that labels are understandable for the consumers and positioned at places that are easily visible. In **Arçelik**, warning labels on the products are checked at the end of the manufacturing process by specific units. Process of labeling, attended with utmost care at **Arçelik**, is involved with pioneer practices to that effect.

### Product Information at Opet

**Opet** shares detailed information such as product content, product use, environment, health and safety, with its dealers as well as final consumers, through its website ([www.opet.com.tr](http://www.opet.com.tr)) and kiosks at the filling stations. On Material Safety Data Sheets (MSDS) available in the website, information like contents of fuel products, description of any possible hazards, and similar information are shared with the consumers.

Besides, upon their request, consumers are provided with fuel-tank cap sticker of the product they prefer for their vehicle. Furthermore, customers are kept informed under Fuel Assurance System (YGS), and while taking delivery of their brand new Ford or Fiat vehicles, they are provided with the information booklet with respect to the product and its use.

Updated versions of fuel product prices according to the most recent price changes are communicated with consumers on the website as well as the boards at the filling stations. Furthermore, information with respect to the method of pricing and fuel pump prices corresponding to the previous period are also published on the **Opet** website.



# Social Development at Koç

*"I live and prosper with my country."  
Our founder, Vehbi Koç*

Being one of the most sensitive companies to social issues the Koç Group's goal is to increase the level of prosperity and social creativity in the geographical areas where it operates and to contribute to social progress in a manner that conforms to the expectations of its stakeholders. Koç Group members devote their experiences and knowledge acquired in different sectors, in order to generate collective wisdom for the solution of social problems. As a product of this collective wisdom, Koç Group has initiated long term and innovative projects in Turkey, such as "Vocational Education: A Crucial Matter for the Nation" (MLMM) and "For My Country". Based on the principle of doing what has not been done before, realizing problems that have been overlooked and developing projects to overcome them, Koç Group's social development investments have continued at full speed during the last reporting period as well. Together with projects they implement in the fields of education, arts and culture, cultural heritage, health and environment, our Group also supports the activities of civil society organizations, and plays an active role in our country's progress, in line with our founder Vehbi Koç's words, "I live and prosper with my country." In the projects they support, our Group Companies pay attention on long-term quality, social benefits and whether they fulfill our stakeholders' expectations.

## Koç Provides Support for Health

Based on Vehbi Koç's words, "If you don't have health, you don't have anything," the Koç Group considers health to be one of its top priorities in the area of social responsibility. In addition to the major investments that the Vehbi Koç Foundation has made in this field, our Group Companies also contribute to improving the infrastructure of our country's health services by the projects they implement every year.

### Vehbi Koç Foundation

Vehbi Koç Foundation Nursing Fund supports the education of nursing school students by providing them with scholarships every year. This fund also supports special vocational development programs run by nurses themselves.

In order to raise modern, exemplary and self-confident nurses, Koç University School of Nursing has been providing professional applied nursing education to its students

since 1999. Being Turkey's only post-graduate nursing education and research center, **SANERC** provides opportunities for graduate nurses to update their knowledge and skills in line with the advanced nursing practices, and continues its activities by organizing seminars, training programs and giving consultancy services.

### Vehbi Koç Foundation (VKF)

Since its establishment, the Vehbi Koç Foundation (VKF) has worked to set an example for the best in the fields of education, health and culture through its programs and centers of excellence. In 2011, Vehbi Koç Foundation continued to make a difference in the society through the programs it runs from its headquarter as well as through its affiliated institutions.

## VKF INSTITUTIONS

### Education

Koç School (High School 1988, Elementary 1998)  
Koç University (1993)  
Koç Elementary Schools (1998-2008): On the occasion of the 75<sup>th</sup> anniversary of the Turkish Republic, the Vehbi Koç Foundation built 13 elementary schools across Turkey. The project was further extended to 17 schools with the addition of 4 new schools between 2006 and 2008.

### Health

Semahat Arsel Nursing, Education and Research Center (SANERC, 1992)  
VKF American Hospital (1995)  
Koç University School of Nursing (1999)  
Koç University School of Medicine (2010)

### Culture

Sadberk Hanım Museum (1980)  
Vehbi Koç and Ankara Research Center (VEKAM, 1994)  
Suna-İnan Kiraç Research Institute for Mediterranean Civilizations (AKMED, 1996)  
Antalya Kaleiçi Museum (2000)  
Koç University Research Center for Anatolian Civilizations (ANAMED, 2005)  
ARTER (2010)

For more information on VKF institutions and 2011 activities you can visit [www.vkv.org.tr](http://www.vkv.org.tr).

### For My Country

"For My Country" Project was launched in 2006 to promote an understanding of social responsibility, which holds a very important

place in the culture of the Koç Group, among all members of the Koç family.

While "For My Country" Project aims at the building blocks of the Koç Group, its employees and dealers to apply their skills of entrepreneurship in the field of social responsibility, it also builds bridges between the individual, company and the society in terms of responsibility. In the first two years of the "For My Country" Project, dealers in the Koç Group were encouraged to produce solutions to the problems they identified locally. In the following years of the Project, in order to combine this awareness of dealers with the institutional power of the Koç Group, our dealers and companies started to implement projects on common teams.

In 2010 and 2011, together with the Turkish Red Crescent, "For My Country Project" has focused on the aim of raising awareness in the society on the importance of blood donation and raising the numbers of regularly blood donating volunteers. As a result of the campaigns organized by the Koç Group Companies and dealers, 89,451 people have been informed about the issue and 71,733 units of blood donation have been received to give hope to 250,000 lives as of December 31, 2011. With these numbers, Koç Group has carried out the largest donation of blood stock to the Red Crescent.

Blood donor acquisition campaigns have been enriched with various local works in 2011. Our dealer in Mersin, which donated a minivan to the Red Crescent to serve as a mobile vehicle and our dealer which had a health care center built in Gaziosmanpaşa are examples to these local practices. **Otokar** donated a full-fledged blood donation bus, designed according to the needs of the Red Crescent.

The project was recognized in its first year as the most creative project idea by the Association of Private Sector Volunteers (ÖSGD). It has developed over the years and received the "Most Successful Volunteer Project" award from ÖSGD in 2011. The "I am Donating Blood for My Country" campaign, as part of the "For My Country Project", received the "Most Successful Social Responsibility Practice" award under the "Corporate Social Responsibility- Health" category, given by TÜHİD (Turkish Public Relations Association) during the 10th Golden Compass Awards ceremony.

# 71,733

Total units of blood donated  
via For My Country Project  
in 2011



For My Country Campaign Bus (Otokar)

## Implementation of Employee Volunteerism in "For My Country"

"For My Country" has been built on a volunteer management system that consists of different pillars due to its multi-stakeholder structure. Koç Holding undertakes Project design and implementation while Project operations are conducted by two different pillars: Koç Group Companies and dealers.

**Dealer Application:** With a distribution network of 10,000 dealers, which makes it the most extensive in Turkey, the Koç Group aims to promote social responsibility and support local development in the dealer network through the "For My Country" Project. The dealers who are responsible for carrying out the projects in every province and providing coordination between the Koç Group dealers are called "For My Country Ambassadors". "For My Country Ambassadors" execute the project's provincial aspects in accordance with a local guidebook prepared by Koç Holding. As an element that boosts dealer participation, Company Regional Managers provide support in terms of monitoring and encouraging consistent participation in campaigns conducted locally, sharing information and experience regarding the project and promotion of the concept of volunteerism.

**Company Application:** Work in this pillar, which aims to ensure participation in volunteer work with the more than 80,000 employees of Koç Group Companies, is executed by the Directorate of the Koç Holding Corporate Communications, and the Directorate of the Koç Holding Human Resources, as well as by Company Human Resources and company communication departments.

The number of ambassadors and companies that have participated in the "For My Country" Project since 2006 are provided below:

	For My Country Ambassadors	Companies Participating in the Project
2006	81	43
2007	81	30
2008	81	22
2009*	81	-
2010	121	49
2011	135	46

\* No companies were involved in 2009.

## Koç Companies Support Health

### Aygaz Supports Diabetic Children

Since 2004 and during the last reporting period as well, **Aygaz** has been supporting the Association of Diabetic Children and Adolescents, an association whose purpose is to help diabetic children learn how to live with diabetes and help educate families about diabetes. In 2011, 100 diabetic children attended the Diabetic Children's Camp, held in Gebze.

The 19th Diabetic Children Camp hosted the seminar for the officials of the Turkish Aeronautical Association. In our country where approximately 20 thousand diabetic children live, **Aygaz** helps raise awareness on the subject. Diabetic children from all over Turkey attend the camp without any cost and understand that they are not alone, while learning how to live a happy life with diabetes. **Aygaz** has shown its sensitivity in the field of health also through the donations it has made to the Cerrahpaşa Faculty of Medicine, to the Six Dots Foundation for the Blind, and to the campaigns for Somalia that were organized by the Disaster and Emergency Management Presidency of the Turkish Prime Ministry.

### Clean Toilet Campaign from Opet

In the scope of **Opet's** Clean Toilet Campaign, which has been carried out since 2000 and is one of the most long-termed societal development projects in Turkey, in 2011, 86,320 manxhours of training were given to 23,124 people in 41 schools in İstanbul, Gaziantep, Niğde, Bursa, Şanlıurfa and Uşak. As of this year, **Opet** Training Team composed of 37 people travelled 7.5 million km's to give trainings to more than 5 million people.

A social responsibility project for clean toilets, hygiene and economical use of water has been initiated with the cooperation of SASKİ Directorate General, which carries out the Sakarya Metropolitan Municipality water and sewerage services, and **Opet**. The project, which encompasses the 1<sup>st</sup> grade, preschool and kindergarten teachers and students of schools that are within the borders of the Sakarya Metropolitan Municipality and under the conduct of the Sakarya Provincial National Education Directorate, is planned to continue throughout the year 2012. With this collaboration, **Opet** transfers its experience in the Clean Toilet Campaign, which continued unabated for 11 years and expanded in volume day by day, to the Sakarya Metropolitan Municipality.

### Tat Supports Health

**Tat** has provided food to the Lösevi Children with Leukemia Village, and the Life Without Obstacles Foundation.

## Koç Supports Education

The way to endow our young population with the skills necessitated by the global economy of our day that rests upon knowledge and technology requires education and training. Quality of education, access to education and equality in education are important problems of our education system. In order for Turkey to sustain its economic development, increase its level of welfare and for its youth to acquire the necessary skills and knowledge to transform into an information society, funds reserved for education should be increased and the reform in education has to be accelerated. The support of the private sector is crucial at this point. In addition to the Koç Group Companies' social responsibility projects in the field of education, the Vehbi Koç Foundation, since its establishment, has been providing young people with scholarships for education and has been posing exemplary models to the society with its education institutions that are aimed to be centers for excellence.

### Vehbi Koç Foundation

The Vehbi Koç Foundation provided scholarships through its main headquarter and affiliated institutions to approximately 10,000 students in the 2011/2012 academic year, which makes a total of over 43,000 students since its foundation. In 2011, the VKF has increased its quota for scholarships in its Endowment Fund in order to reach more successful and needy students. As a result of this initiative, the number of universities receiving scholarships from the VKF has increased to 10.

Through its "Anatolia is Reading" Project it initiated in 2011, the Foundation aims at providing book donations to primary and secondary school libraries in Anatolia, beginning with the provinces with the lowest income levels. This project will donate sets of 20 books chosen from among the 100 Basic Works list prepared by the Ministry of Education, with assistance from **Yapı Kredi** Arts and Publishing, to the schools in greatest need. In 2011, 29 secondary and 200 primary schools in Hakkari received book sets as part of this project.





Koç Group MLMM Project

10,567

Total number of vocational  
high school students  
reached by MLMM Project

The “Model School” Project, initiated by the VKF in conjunction with the Istanbul Governors’ Office of Education, selected a school in Beykoz to serve as a model for other benefactors. Once off the ground, the project will include a nursery school with a capacity of maximum 270 students and a primary school with a capacity of maximum 720 students. The Project will provide the schools with modern facilities and means so that they become environmentally friendly, self-sufficient units with their own sources of electricity and water, and they set an example for student - parent - teacher - administration relations.

Another project conducted by the VKF in 2011 was the “Hand-in-Hand for Development” program. This program brings the administrators and teachers at VKF Koç Private Primary School and High School, and the 17 primary schools established through the support of the Foundation together for a motivational and developmental program. Workshops on Differentiated Education and an inter-institution sharing of content were carried out. Meetings were held between school administrators and Vehbi Koç Foundation representatives to determine the needs of the 17 schools and how they could be improved.

#### Vocational Education: A Crucial Matter for the Nation Project (MLMM)

Koç Group has taken it as a mission to mobilize its resources around the issues of inequality in opportunities for education and unemployment of the youth, which stand as an obstacle to Turkey’s social and economic development. Accordingly Koç Group initiated “Vocational Education: A Crucial Matter for the Nation” Project (MLMM) in order to solve the problems of low enrollment rates in secondary schooling, gradual weakening of the credibility of vocational training, inability of youth to reach opportunities to live up to their potentials, rising unemployment and the lack of qualified workers in the industry, all of which have been identified to share a common denominator, that is “vocational training.” MLMM has been initiated to raise awareness about the importance of vocational training at all levels of the society, and to plant the seeds of cooperation between public and private sectors by showing leadership in this area.

MLMM was initiated under the scope of “The Collaboration for Development of

Vocational Training Protocol” which was signed in 2006 between the Ministry of Education and Koç Holding. The Ministry of Education has been responsible for the selection of schools to be supported and informing the community, while Koç Holding has been responsible for provision of education scholarship with internship opportunity to 8,000 vocational high school students and giving priority to their employment by the support of Vehbi Koç Foundation. In time, 264 vocational high schools and over 8,000 vocational high school students in 81 cities, NGOs, 21 Koç Group Companies in different sectors and in different scales and over 350 volunteer employees participated in the project.

As of 2011, the Project results exceeded the initial expectations. Going beyond the initial target of 8,000 students, 8,118 students were provided with scholarship. Moreover, the professional and personal development of 10,567 students at total has been supported through scholarship, laboratories, coaching support, project contests and NGO trainings provided throughout the Project. Despite high level of drop-out rates and low level of enrolment rate of girls into the VHSs, the Project managed to achieve 43% ratio in terms of female grantees. Additionally, 80% of the scholarship students who needed internship completed their internship within the Koç Group. The Project also encouraged the grantees to continue to their vocational training.

Within the scope of MLMM Project, collaboration is developed between the companies and the vocational high schools that provide the relevant training, so that while the employment of young people and the quality of vocational education is increased, the companies gained qualified human resources. The content of these collaborations extended to a variety of topics throughout time, due to the needs and opportunities held by the schools and the companies. This structure developed in the Project is named as “School-Workplace Partnership Model” and includes components such as scholarship, curriculum, laboratory, internship, personal and professional development and employment supports. At the basis of this model lies the sector-based collaborations developed between the vocational high schools and the companies and the bridges built between education and business world.

As a result of all these achievements, the

second phase of the MLMM Project was initiated in 2010 so as to disseminate “School-Workplace Partnership Model” at corporate, sectoral and national levels through promoting its benefits. The corporate sustainability of the Project was ensured by shifting the scale of the project from Holding level to Koç Group Companies. In accordance to their needs assessments in terms vocational education, the Group Companies started to develop their own programs. After **Tofaş Fiat**, **Tüpraş** and **Ford Otosan** laboratories, in 2011, **Arçelik** and **TürkTraktör** started their own sectoral laboratory programs in the vocational high schools. **Otokar** built up a welding workshop for the intern students within the company. **Ford Otosan** opened the Cargo Education Center in İnönü Industrial Vocational High School. By the end of 2013, 13 Koç Group Companies from different sectors plan to initiate their own projects.

In order to extend the Model to different sectors and encourage sectoral partnerships, a guideline named “School-Workplace Partnership at Vocational Education” was prepared with the support of the YADA Foundation. With this guideline, it is aimed to provide support to the young people’s personal and professional development and also to improve the infrastructure and the content of the vocational training. Besides the launching of this guideline to the public opinion, the web portal formed for the development of the partnerships between schools and companies will also go online in 2012.

Finally, in the context of Project, the “Quality of Vocational Education and Training” Project was initiated in partnership with Educational Reform Initiative in order to provide the government and private sector with evidence-based policy suggestions to improve the quality of vocational education, to create sustainable links between productive employment and vocational education and to flourish partnerships. Within the scope of the project, a series of researches with the guide and opinions of the Consultancy Board that is formed by the public, private and civil society representatives were realized. As a result of these researches, a complementary and summarizing “Quality Strategy in Vocational and Technical Education Document” has been prepared. In 2012, it is aimed to share this document with the relevant private and



43,000

Total number of student beneficiaries of VKF Educational Scholarships between the years of 1969-2011

public sector representatives. The final goal of the project is to make the private sector possess knowledge on having efficient and constructive roles in the vocational training, to form strategies and proposals that are based on the researches on the vocational training and that give attention to the opinions of different stakeholders and to make the primary stakeholders from the public and private sectors to declare the will to realize the roadmap that has emerged.

The Model formed within the scope of "Vocational Education: A Crucial Matter for the Nation" Project started to be acknowledged as best practice at the international platforms. In 2011, the Project gained Large Companies Award in the 2011 European Employee Volunteerism Awards that is organized by the Business in the Community (BITC) and supported by the European Commission with the aim of recognizing companies of all sizes across Europe that have developed schemes that help people facing barriers to work increase their employability skills.

#### • School-Workplace Partnership Model Implementations from Koç Group Companies

Projects developed by Koç Group Companies in response to the vocational training necessities in their sectors, and the school-workplace partnership implementations developed in the context of MLMM are the most critical factors ensuring the sustainability of the MLMM Project. In this context, many Koç Group Companies have initiated exemplary sectoral implementations during the reporting period

#### Pioneer of Philanthropy Award to the Koç Family

The Koç Family received the BNP Paribas "Philanthropy Award" in 2011, for their pioneering and exemplary work. Rahmi M. Koç, Honorary Chairman of Koç Holding accepted the award on behalf of the Koç Family during the ceremony held on 21 June. BNP Paribas is a leader institution in global banking and financial services and is considered one of the six most powerful banks in the world.

#### High Honors Medal to Rahmi Koç

In 2011, Koç Holding Honorary Chairman, Rahmi M. Koç was bestowed with the insignia of "Honorary Commander of The Most Excellent Order" (CBE) of the British Empire in the name of Her Majesty Queen Elizabeth II.

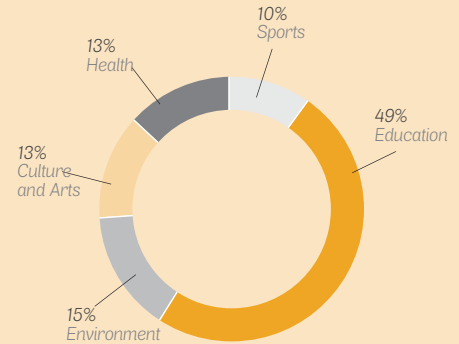
#### Arçelik Technical Service for Electrical Home Appliances Program and the Arçelik Laboratories

Arçelik Technical Service for Electrical Home Appliances Program has been initiated in the context of MLMM, with the protocol signed between the General Directorate of Vocational and Technical Education and Arçelik. Under the protocol, Arçelik Technical Service for Electrical Home Appliances Program has been started initially in 4 Technical and Industrial Vocational High Schools, 3 of them being from Istanbul and 1 from Diyarbakir. While the Ministry of Education prepared a curriculum for the four-year-long project, Arçelik Laboratories that hold home appliances with new technologies have been set up, prepared training materials were distributed to schools and program trainers have been trained by Arçelik. With the realization of the project, Arçelik aims to provide a portion of the technical staff need in its authorized services from these schools, and help the employment process of these students in Electrical Home Appliances Technical Service program, by providing them with a wide range of opportunities and an education based on knowledge of contemporary technologies. As part of the projects, students are also given an opportunity for internship at Arçelik Authorized Services. Students who wish to work at Arçelik Authorized Services or in the factories of Arçelik will be taken into an exam by the company and successful students will be given an opportunity to certification. "Arçelik Electrical Home Appliances Laboratory" has started its training at schools by the year 2011. A total number of 122 students benefit from these laboratories. In terms of opening specialized laboratories in the field of raising technical service personnel for electrical home appliances, this program is a first in Turkey.

#### Ford Otosan Karamürsel 100<sup>th</sup> Year Industrial Vocational High School Laboratories

With its support for the MLMM Project, Ford Otosan contributes to the raising of qualified human resources in the automotive sector. In the year 2010, with the support of both basic industry and supplier companies, '3D Coordinate Measurement and Metallurgical Testing Laboratory' has been opened in the 'Karamürsel 100<sup>th</sup> Year Industrial and Technical Vocational High School.' In 2011, the laboratory continued to provide services for the training of qualified personnel in the 'three dimensioned coordinate

Social development initiatives realized by Koç Group Companies in 2011 by subjects:



measurement and metallurgical testing operation' field, which is a critically important area for all the players of the automotive sector, and to help increase the employability of our youth.

#### Ford Otosan İnönü Industrial Vocational High School, Ford Cargo Technical Training Center

In the context of MLMM, students of the İnönü Industrial Vocational High School, local and expat dealer employees, and employees of suppliers are provided with applied technical training and sales training at the Ford Cargo Technical Training Center, which was opened in 2011 within the Eskişehir İnönü Industrial Vocational High School. The project is aimed to be a sustainable model for the school-workplace partnership through supporting the quality of vocational training, contributing to the development of qualified human resources for the industry and meeting the majority of personnel needed by the dealers.

#### UMEM from Ford Otosan

Professional Vocational Course Centers Project (UMEM), a joint project of TOBB, Ministry of Labor and Social Security, Ministry of Education and TOBB Economy and Technology University, has been carried out in 81 cities, aims to increase 1 million people's employability skills in 5 years. Participating in the UMEM Skills'10 Project under the Kocaeli Chamber of Industry, Ford Otosan has supported both the automotive sector and the city of Kocaeli where it is practiced. Approximately 100 people, who completed the 80-hour long theoretical course, have taken a job at the Ford Otosan Kocaeli Factory in 2011.

#### Otokar Welding Training Workshop

An extensive Welding Atelier has been opened within the Otokar facilities, in 2011. The purpose for the constitution of the Welding Atelier is to provide Otokar and other factories in the automotive industry with qualified workforce from the Industrial Vocational High School students, and to get over the problems faced in finding trained personnel with a diploma or certificate. The atelier will be used for the education of the interns from the Industrial Vocational Schools. 30 to 60 persons will benefit from the Otokar Welding Atelier, on the basis of years. In the context of the project, it is aimed to match with every Industrial Vocational High School Department of Metal Works in Sakarya. After selecting the



# 1,100,000 \$

Total amount of contributions made for Vehbi Koç Award Winners for enabling them to increase the value they create

Vocational High School Department of Metal Works in Sakarya. After selecting the students who will do internship in partnership with the schools, they will be given theoretical and practical vocational training at the Welding Atelier, for an eight month period.

#### Tofaş Automotive Engineering Graduate Program

Turkey's first "Automotive Graduate Program" supported by a foreign university was launched in 2007 under Tofaş leadership and in cooperation with Torino Polytechnic University and Uludağ University. Being a first in Turkey, the graduate program in automotive engineering with foreign support is a pioneering program in terms of strengthening the cooperation mechanisms that Turkey needs between universities and the automotive sector, and aims at helping raise the qualified workforce that is needed to carry the Turkish Automotive Industry forward. A total of 48 students have participated in, and 7 have graduated from the program since it was launched in 2007. In the 2011 academic year, 32 students attended and four students have graduated from the program.

#### Tofaş Fiat Laboratories

The Fiat Laboratories (Fiat Technical Education Program), which is implemented integrally with the MLMM Project, was launched for the purpose of training a technical workforce that understands developments in the automotive industry in our country, that is to say, the production, import and export targets and new technologies in the field. As of 2011, a total of 682 students are being trained in the Fiat laboratories.

As part of the in-service training given to the Laboratory teachers by the Tofaş Technical Training Center, trainings based on contemporary technologies are provided every year. With these trainings, our teachers' and students' technical knowledge is kept up to date. The students benefitting from the Fiat Laboratories enjoy the opportunity to graduate by keeping a close track of contemporary developments through the theoretical and practical trainings they receive and by examining the Fiat brand and technologies closely.

#### Tüpraş MEGEP School – Workplace Partnership Model

The aim of the Tüpraş Petrochemical Laboratories Project is to apply the Tüpraş

Technical Training Program in the industrial and technical vocational schools and institutions, in order to bring up employees who are acquainted to the new technologies and whom it needs in the refinery-petrochemical services. The duration of the protocol is 4 years. Schools that have a laboratory suiting the purposes of this project are the Kocaeli Anatolian Industrial and Technical Vocational High School, İzmir Aliğa METEM, Kırıkkale Bahşili H. Hidayet Doğruer Multiple Program High School and the Batman Industrial Vocational High School.

First of the two pillars of the project has been the restoration of the laboratories in the chemistry departments of four Industrial Vocational High Schools. The second pillar of the project has been to open "petroleum refinery" branch next to the "chemistry technology" branch that exists in the school's chemistry departments. Special lesson plans have been created for this branch and students have been accepted accordingly.

#### TürkTraktör Agricultural Machinery Laboratory

In the context of MLMM, and with the protocol signed between TürkTraktör and Ministry of Education General Directorate of Technical Education for Boys, "TürkTraktör Agricultural Machines Training Program" has been initiated in the Ankara Gazi Industrial and Technical Vocational High School, where the TürkTraktör Agricultural Machinery Laboratory has been constructed. Within the scope of the cooperation developed in accordance with MLMM Project's school-workplace partnership model, TürkTraktör continued with the expansion of "TürkTraktör Agricultural Machinery Laboratories" in 2011. With the trio protocol signed between the Ministry of Education General Directorate of Technical Education for Boys, Ministry of Agriculture, Food and Husbandry General Directorate of Agricultural Reform and the TürkTraktör, "TürkTraktör Agricultural Machinery Laboratories", which constitutes the first of its kind in Turkey, are extended to Şanlıurfa Akçakale GAP Agricultural Vocational High School, Amasya Gökhöyük Agricultural Vocational High School and Bursa Osmangazi Agricultural Industrial School and Agricultural Vocational High School in the 2011-2012 educational period. With this project, it is aimed to have the students in the vocational high schools receive applied training and help them to internalize the

knowledge they gain through experience. Furthermore, TürkTraktör will provide the farmers with the opportunity to strengthen their professional knowledge with applied methods and to make efficient usage of the agricultural equipment by opening the laboratories to them. As a result, it is aimed to prevent the occupational accidents resulting from the agricultural machines.

In addition to the above mentioned projects, TürkTraktör also donates tractor engines to vocational high schools and universities in order to contribute students' learning process through providing real materials for visual education.

### Koç Companies Support Education

#### Standing United for Education with Arçelik

The "Standing United for Education with Arçelik Project" which targets at primary school children was initiated in 2004 in partnership with Ministry of Education with the understanding that the supports for the self-development of children should be started at early ages. Within the context of the Project, the construction of "Our Rooms" in the schools was completed in 2011. "Standing United for Education with Arçelik Project", which aims to increase the education and development standards of and bring them into society as exemplary individuals, the students who are receiving education in Turkey's Regional Primary Boarding Schools and who come from families with limited financial means; has reached 200,000 students in 300 schools in 60 provinces.

#### "What Will the Weather Be Like Tomorrow?" from Aygaz

The project, which was initiated in partnership with Regional Environmental Center (REC), aims to raise awareness regarding climate change and contribute to the spread of more responsible and sustainable consumption habits. Within the context of the Project, interactive training practices have been continued in 2011. In the 2nd phase of the project, which has lasted 6 months, 11 cities were penetrated with "Sky Truck" which includes a mobile planetarium and a magic globe where the astral movements can be watched in 3D. In these cities 4,302 people, the majority of which was primary or high school students, received applied education by REC specialists. The number of people who have received education since September 2010

# 6.6 MILLION

Number of students reached  
by the end of 2011  
through Yapı Kredi's  
"Infinite Blue Project"

Yapı Kredi's "Infinite Blue Project" students



has reached 8,360. Evaluations conducted by REC specialists showed that awareness on climate change reached to 93% among participants after the 2nd phase of trainings. With the launch of

[www.yarinHAVANasilolacak.org](http://www.yarinHAVANasilolacak.org) website and various social media channels, the project reached 20,000 followers 78% of whom are between the ages of 13-17.

#### Support for Education of Disabled People from Bilkom

As a contribution to the "Technocamp without Boundaries" Project that is implemented by the Ministry of Family and Social Policies Disabled and Elderly Services General Directorate, in 2011, Bilkom (from Koç Information Technologies Group) aimed to employ young people with disabilities in areas which do not require physical qualifications and work with the computer and the Internet in the various sections of the service sector such as graphic design, programming, video editing, reporting. The "Technocamp without Boundaries" Project aims to increase the information productivity of the disabled youth between the ages 10-35 by the education and implementation process with regard to the international standards and also to raise awareness among the families. With publications, this project aims to inspire the young people with disabilities, their families and the society at large by the fact that the disabled people can contribute to the development of the information society and become successful individuals if they are given opportunities. At the first stage of the Project, with the aim of expanding the Technocamps in the country, it is aimed to develop the technological infrastructure of the available units in Adana, Ankara, Antalya, Diyarbakır, İstanbul, İzmir and Kayseri into Technocamps and continuous education centers by working together with the Disabled Coordination and Consultancy units of the municipalities.

"Technocamp without Boundaries" Project aims to give opportunity to the disabled individuals to choose their professions without being bound to physical space, to have sufficient knowledge and qualifications in their professions and to have a wider range of job opportunities with the certificate courses realized in collaboration with the universities. Together with this project and in parallel with the development of technology, it is aimed to produce opportunities to prevent obstacles through personal solutions, to have the young and adult disabled people to continuously

develop themselves and have occupations such as web/graphic design, video, montage/editing, photography and cameraman, reporting, blog authorship, translatorship, data/content entrance.

#### Umbrella Movement from Tüpraş

**100 Smiling Faces in Körfez:** The aim of the project of which target group is the high school students with low social life skills and experiencing social integration problems, is to form a communication and counseling network between the students and Tüpraş employees, to help students choose the right occupation, and to support them through Career Days and Personal Development Seminars through utilizing the "Vocational and Life Coaching" approach. In the year 2011, the project included informing presentations on Basic Rules of Hygiene/AIDS, a trip to the Darica Zoo and Osman Hamdi Bey Museum, and the distribution of the book called "The Country of White Lilies" to the students.

**100 Smiling Faces in Aliğa:** İzmir Refinery collaborated with the 100 Smiling Faces Umbrella Movement Volunteers and Turkey Education Volunteers Foundation (TEGV) for 16 weeks. 40 students from 7 schools benefited from the workshops TEGV provided without any charge, such as Reading Rooms, Dreams Workshop, Children Play Chess, Knowledge is my Job, Basketball Volunteers, Sport with Games and Theater.

#### Educational Support for village children who cannot attend school

With the collaboration of Tüpraş SEK İzmit Natural Activities Club, TEMA Foundation Kocaeli Branch Office, Kocaeli Metropolitan Municipality, Karamürsel Municipality, residents of the Karamürsel Senaiye Village, headmen of the villages in the area, and Kocaeli Municipality Branch Office for Village Services, a walnut sapling planting project has been developed for the afforestation and development of the villages of the Karamürsel province. 3,650 walnut saplings, which were acquired through the campaigns that were attended by the Tüpraş employees, have been planted in the Karamürsel Senaiye Village and in other surrounding villages. The aim of the Project is to contribute to school expenses of children who cannot attend school because of economic restraints with the income that will be generated from walnut production and to support the development of the villages and villagers.

Yapı Kredi Volunteers Platform in cooperation with TEMA Foundation planted 500 walnut trees with the donations of its 250 Corporate and Commercial Banking employees the income from which will be used in improvement of schooling conditions in 4 different villages in Kargalı and Ahatlı villages of Kocaeli.

#### Infinite Blue Project from Yapı Kredi

Since 2006, Yapı Kredi has continued its "Infinite Blue" Project, which is an awareness raising project aimed at primary and high school students. In cooperation with TURMEPA and with support from the Ministry of Education, the Project aims to raise awareness of students regarding the conservation of natural resources. The Project aims at providing one school administrator and one teacher at primary and high schools in coastal provinces with the "Infinite Blue" education, which would be taught to all students by them. The content of the program was prepared by a committee composed of faculty members from Ankara University and Gazi University, and the educative material was found suitable to be implemented at schools by the Head Council of Education and Morality of the Ministry of Education. With the Project, which was concluded at the end of 2011, 6,600,000 primary and high school students have been reached through the education given to a teacher and an administrator at each schools in 28 coastal provinces and Van. The long-term goal of the project is to have Infinite Blue education integrated into the curriculum of primary and high schools.

#### I Read I Play

The I Read I Play Project executed by Yapı Kredi in cooperation with the Turkey Education Volunteers Foundation (TEGV) has adopted as its mission stimulating the creativity of elementary school children, allowing them to express themselves freely in writing and speaking, in any environment, helping them become individuals who can conceive what they read and listen to, who have a habit of reading and a large vocabulary. The Project reached 9,760 students in 2011. Within the scope of this Project, the total number of students reached since 2006 is 90,000. In 2011, under famous theater players' coaching, children acted out plays that center around the articles of the Convention on the Rights of Children in TEGV Education Parks of 11 cities.





Koç Holding Chairman Mustafa V. Koç visiting Istanbul Biennial

110,000

Total number of  
12<sup>th</sup> Istanbul Biennial  
exhibitions visitors

### Read, Think, Share Development Project from Yapı Kredi

Read, Think, Share is a leadership development project conducted by the Yapı Kredi Banking Academy with the Young Guru Academy (YGA) and the Dream Partners Association. The project gives Yapı Kredi Bank employees a "learn-through experience" opportunity to develop their leadership skills while creating a development platform for 6th and 7th grade elementary school students to become self-confident individuals who can dream, outline plans to fulfill their dreams, think creatively, write, approach issues from different perspectives, self-confident and are aware of their potential. By the end of 2011, 130 employees participated in this project.

### Koç Supports Arts and Cultural Heritage

The Koç Group sets aside resources in order to preserve and develop our cultural values and art, to promote it on national and international levels, and to provide protection and incentives for artists. The Koç Group believes that creativity is one of the most important factors required for societies to develop and it aims to be involved in raising creative generations by contributing to the cultural development of society with the support it provides for cultural and artistic activities. With the various projects that developed in 2011, Koç Holding, Group Companies and the Vehbi Koç Foundation have continued to raise awareness in the areas of culture and art.

### International Istanbul Biennial

Koç Holding has taken on the sponsorship of the contemporary art event that forms direct relations with social problems, the International Istanbul Biennial, which is organized by the Istanbul Foundation for Culture and Arts (IKSV), for 10 years between 2007 and 2016.

Together with the Venice Biennial, Istanbul Biennial is considered to be the most important art event of the year in Europe, and has been organized for the 12<sup>th</sup> time on September 17 – October 13, 2011, with the title "Untitled".

In order to increase the interest for contemporary art in our country, and especially amongst the youth and the growing generations, and with the aim of

enhancing their understanding of contemporary arts, Koç Holding has opened the doors of the Biennial to university students free of charge and supported students' meeting with contemporary art.

With the "Art Education Programs for Children" that were realized by Koç Holding, children between the ages of 6 to 14 have experienced an exciting meeting with the contemporary arts. In this context, it is intended to develop museum and exhibition culture of children, to increase their attention towards contemporary art, and to help them get acquainted with basic artistic terms and concepts. The guided tour team and mobile guide application designed for the 12<sup>th</sup> Biennial have also been amongst the projects realized by the support of Koç Holding.

### Vehbi Koç Foundation

In the scope of the Biennial, VKF has conducted a special training program for the art teachers that work at primary and high schools in Istanbul. The aims of this program have been to increase teachers' interest in contemporary art, to contribute to the widening of their vision, and to bring a new perspective to their approach toward students.

### Vehbi Koç Award 2011 (Culture)

The Vehbi Koç Award, which is given every year to individuals and institutions that help increase people's quality of life in one of the fields of education, health, culture or arts, has been given simultaneously to an individual and an institution for the first time in 2011.

Prof. Dr. Filiz Ali, who is considered to be Turkey's most influential and efficient music writer, musicologist and music critic; and 'Ayvalık International Music Academy' (AIMA), which was founded by Prof. Dr. Filiz Ali and has proven itself at home and abroad to be a successful ground-breaking project while expanding the horizons of young musicians, have received the award.

Prof. Dr. Filiz Ali has been bestowed with the award not only for her personal success in the field of music, but also for her pioneering work to educate Turkey's young musicians and guide and enable our successful musicians to pursue their careers in international platforms.

### Metropolitan Museum of Art

With the support that Vehbi Koç Foundation has given to the Metropolitan Museum of Art, the Carpets, Fabrics and the Great Ottoman World and Ottoman Palace Arts (14th-20th Centuries) galleries have been opened to the visitors in 2011, at the fifth most visited museum in the world.

In these two galleries that are in the Islamic Arts section of the Metropolitan Museum of Art, unique pieces from the 600 years old history of the Ottoman arts have been presented to visitors from all around the world. In the Koç Family Galleries, the rich diversity of arts that belong to the Ottoman palace, provinces and villages will be exhibited. The two galleries of the Islamic Art section that have been renewed, expanded and reopened to visitors in 2011 will carry the name of the Koç Family for the next 75 years.

### Koç Companies Support Arts and Culture

#### Sevgi Gönül Theatre Festival from Aygaz

In 2011 Aygaz sustained its support given to the Sevgi Gönül Theatre Festival at Koç University since 2006 and continued to do so in 2011.

#### Rahmi Koç Museum Ticket Sponsorship

Aygaz, which has been supporting İstanbul RMK Museum by ticket sponsorship since 2005, undertook the ticket sponsorship for the Ankara Çengelhan RMK Museum in 2011. During 2011, 220,000 tickets have been printed with the support of Aygaz.

#### Ottoman History of Diplomacy Project from Aygaz

The project was initiated to remind the people of the historical and cultural riches of the geography in which we live and to pass them on to the future generations by making the information and documents of the Ottoman diplomatic archives more accessible for researchers. In the process, the information and documents gathered from the Ottoman archives are turned into books and published. Memoirs and notes of diplomats who served in İstanbul are amongst the published books. These books are appreciated by domestic and foreign authorities, and serve as topics and references for special news with media coverage.

# 340,000

Total number of  
Tofaş  
Museum of Anatolian Cars  
and Carriages visitors since  
its foundation

Tofaş Bursa Museum of Anatolian Cars and Carriages

including artists' biographies and summaries of their theatre careers, provide a reference for the Turkish theatre.

In the context of the **Yapı Kredi Afife Theatre Awards**, various competitions, events and campaigns are also organized to communicate the joy of the theatre to the community, especially to young generations. Anticipated with great curiosity and excitement in the theatre world, the Awards will again be distributed to the winners at a gala ceremony in April 2012

#### Yapı Kredi Culture and Arts Publishing Inc.

Holding the largest share of the Turkish publishing market since its foundation; **Yapı Kredi Publishing (YKY)** continued its leadership in 2011. By producing first editions of 233 titles and reprints of 432 titles in various genres such as literature, poetry, arts, general knowledge, classics, graphic novels and philosophy, KYK has offered over 1 million books to its readers. Having printed its 3,468th book, KYK also reached to a level of success being hard to achieve in Turkish publishing history. **Yapı Kredi Cultural Center** hosted eight exhibitions in 2011, which all received great interest.

The exhibition entitled "See Through My Eye-Photographs of Yaşar Kemal by Güneş Karabuda: 1956-2010", prepared in collaboration with Caddebostan Cultural Center Art Gallery and **Yapı Kredi Culture and Arts Publishing**, was composed of photographs of the writer Yaşar Kemal which have been taken since 1956. The photograph exhibition "The Pulse of Jazz" by Burcu Orhon, invites visitors to experience photographs of jazz. The period after the death of Atatürk is recounted by the exhibition entitled "November 10 Day of Mourning" collected from the **Yapı Kredi Historical Archives Selahattin Giz Collection**.

#### Koç Companies Support Cultural Heritage

With the pride and responsibility of living in one of the world's richest places in terms of both historical and cultural legacy, Koç Group Companies support the studies to protect archeological and cultural heritage.

#### "Sagalassos Antonine Nymphaeum Restoration Project" from Aygaz

Since 2005, **Aygaz** has been supporting, as the sole Turkish sponsor, the project intends to resurrect the "lost city" of Sagalassos ongoing since 1990. The restoration of the

Antonine Nymphaeum was completed in 2010 by **Aygaz** support. **Aygaz** will continue to support the Sagalassos Project for three more years, so that the area around the Nymphaeum will be arrayed.

#### Aygaz Supports Van Castle Excavations

Together with the Ministry of Culture and Tourism and Istanbul University, **Aygaz** supports the mound excavations of the Van Castle. In the excavations conducted in the mound found to the north of the Van Castle, a 5 thousand year old portable furnace has been discovered in 2011.

#### Respect for History Project from Opet

Respect for History Project first initiated in February 2006, supports activities to give the historical Gallipoli Peninsula a modern look while protecting its natural beauty. Within the project, educational programs supporting social development have been carried out; infrastructure investments and landscaping projects have been conducted in order to help tourists explore the region where the Dardanelles Battles took place, easily. With the Respect for History Project, not only physical improvements are made but courses and educational programs with social content are conducted to increase the quality of life of the local people who live in the region. In the context of the project, restoration works for the 57th Legion Martyrs' Cemetery have been concluded in 2011. Martyrs' Cemetery has been renewed in accordance with its original shape, and reopened to visitors after being reorganized to hold international ceremonies. With this project, 57th Legion Martyrs' Cemetery has been recovered with a new look honoring gallant martyrs of the Dardanelles Battles, which pose an important turning point in the course of the foundation of the Turkish Republic.

#### Sponsorship for Pamukkale Hierapolis and Küçükyalı Archeopark Excavations

As a sponsor for the excavations of Hierapolis, an UNESCO World Heritage site and one of the five largest antique city ruins in Turkey, since the 90s, Tofaş has been supporting the bringing to light of another settlement that holds a crucial place in the Anatolian History. Another archeological excavation that Tofaş has supported since its beginning is known as the area of Küçükyalı Archeology Park. Conducted under the supervision and protection of the T.R. Ministry of Culture and Tourism, the General Directorate for Cultural Heritage and Museums, and initiated by Italian and Turkish

#### Ford Otosan Cultural and Social Life Center

**Ford Otosan Cultural and Social Life Center** has been founded with the aim of reminding participants, from all ages and all social segments, of the place and importance of arts and culture in life, for developing their potentials and reveal their creativity. Composed of an auditorium, a gymnasium, an observation tower, art ateliers, a restaurant and social activity rooms, the Cultural and Social Life Center attracts approximately 6,000 visitors every month. The center hosts many activities ranging from educational activities to vocational courses, personal development to hobby courses, traffic and environmental education to musical get-togethers. Providing opportunities for local art group gigs, the Center has become the most important arts-culture center of the region.

#### Tofaş Museum of Anatolian Cars and Carriages and Tofaş Art Gallery

Established by **Tofaş** in 2002 in order to protect the Turkish automotive heritage, the **Tofaş Museum of Anatolian Car** is the first and only museum of Anatolian cars in Turkey and has been visited by almost 340,000 people since its foundation. The second comprehensive exhibit of the **Tofaş Art Gallery** was the "Toy Exhibition," which was opened on May 10, 2011. Carrying the culture of toys and games from past to present, and showing the transformations they went under with contemporary technology, the exhibit has been visited by 60,000 people in 8 months. Following the first printed product of the **Tofaş Art Gallery** and the first exhibition book of 2009, "The Same Old Turkish Bath," **Yapı Kredi Culture & Arts** prepared and published the "Toy Exhibition" book for **Tofaş** in 2011.

During the year, **Tofaş** has continued its support for arts and culture by sponsoring the 54th International Venice Biennale Turkish Pavilion, the 50th International Bursa Festival 'Ferit Odman Quintet Ft. Stefano Di Battista' Concert, the Turkish Film Festival of Rome and by being the main sponsor of the Roberto Bolle Classical Ballet Performance.

#### Yapı Kredi Afife Theater Awards

the **Yapı Kredi Afife Theater Awards** has been organized since 1997, with the counseling of Haldun Dormen and the support of **Yapı Kredi**. A book has been published in 2011, for its 15th year, which tells the unique story of the **Yapı Kredi Afife Theatre Awards**. The book, which details the 191 artists and 14 productions that have received the award





Koç Fest University Sports Games

## Koç Fest University Sports Games

The Koç Fest initiated in 2006 by Koç Holding to contribute to the development of youth and enriching their lives, the Koç Fest visited 28 cities in 6 years and has been organized 60 times. Believing that sports increase the quality of life in a society, Koç Holding has been the main sponsor of the "Turkish University Sports Games" since 2009, organized by the Turkish University Sport Federation. Thus, the most prestigious inter-universities sports event and also Turkey's the most broadly participated sports organization has been renamed to be "Koç Fest University Games Turkey" and has been an irreplaceable part of the festival. With this initiative, Koç Fest combined sports, music and entertainment under the same roof and has been given the title of Turkey's largest youth festival. Since 2009, every year, 20,000 athletes from 40 disciplines compete in the Koç Fest University Sports Games Turkey. A portion of the teams and athletes which succeed in the event represent Turkey in international events, with the support of Koç Holding. Koç Fest visited seven universities in 2011, and made its greatest final in Konya Selçuk University, with the participation of approximately 4,000 students.

Beginning with 2011, in order to integrate the events into the social media, RFID (Radio-Frequency Identification) technology has been used for the first time in an event area by the Koç Fest, and university students have been given a chance to meet with this technology. Practicing this innovative application within the scope of the festival, Koç Fest has been chosen to be the "Social Media Campaign of the Year" in the 2011 European Digital Communication Awards, which is also known as "Europe's first digital communication awards platform." It has also been deemed worthy of a Golden Award at the annual W3 Awards organized in the US, with its Social Media Project, and received a Silver Award with the technological applications used at the event. With this application, it has been aimed to increase the interest towards the Koç Fest University Sports Games Turkey, and this goal has been achieved with the integration of 2,500,000 people to the event.

Equestrian Club Presidential Cup, Konya  
October 29th Republic Cup Tennis  
Tournament, Antalya Dedeman Tennis  
Tournament.

### Tat Supports Surfing

Tat has been the catering sponsor of the Pegasus Surf'n Sound Sports and Music Festival held in İzmir, Alaçatı.

### Tofaş Basketball Camps and Basketball Volunteers Project - FIATBALL

The Basketball Volunteers Project has been continuing its activities since 2001 in cooperation with the Turkey Education Volunteers Foundation (TEGV) and the Tofaş Sports Club. The project organizes activities in 11 TEGV Education Parks and 3 Learning Units and the goal is to help children who do not have the opportunity to be involved in sports, develop healthy personalities and social skills through basketball. While the projects reaches every year an average number of 700 children from the target group, 6th to 8th grade students, over 6,000 children have participated in the program since its initiation.

FiatBall 2011 Basketball Festival has taken place at the Bolu İzzet Baysal University, with the participation of 224 people. This year, for the first time, the tournament took place only with female students' participation and throughout the event, children experienced the excitement of a tournament while developing their team work and communication skills.

academicians in 2001, the Küçükyalı Archeopark Project has become one of the Istanbul 2010 European Capital of Culture Agency projects by the end of July 2009.

### Tüpraş' Supports for Cultural Heritage

During the year, Tüpraş published "Urartu Change in the East," the first book of the Antolian Civilizations Book Series initiated in collaboration with Yapı Kredi Culture and Arts Publishing and preparation of which will last ten years. Having started with "Urartu Change in the East", a reference book on a civilization which made its mark on our geography, this magnificent series will continue with books on Aphrodisias, Prygia, Hittites, Kültepe, Lydia, Ancient Greek, Byzantium and Seljuks.

Tüpraş is also the publishing sponsor of the Aktüel Archeology Magazine, in line with its commitment to "protect the future of the world with environmentally sensitive investment and protect the future of humanity by preserving its cultural heritage." Telling the history of Anatolia to the people of Anatolia, Aktüel Archeology Magazine is the only national archeology magazine in our country, where hundreds of archeological excavations and researches are conducted. Tüpraş has also contributed to the arts and culture with its support to the publishing of the book, Dardanelle Shipwrecks.

### Çatalhöyük Excavations from Yapı Kredi

The 21-meter high Çatalhöyük Hill located 10 kilometers southeast of the town of Çumra in Konya holds secrets to the past stretching back 9,000 years. Çatalhöyük is a center that sheds light onto the history of humanity with the unique findings it holds of first habitation, first house architecture and first sacramental constructions. Some of artifacts from the excavation are on display while others are protected in storage in Konya Archeological Museum.

## Koç Supports Sports

The Koç Group is aware of the contribution that sports make to social development and it supports projects that promote sports in every segment of society, beginning with its own employees.

## Koç Companies Support Sports

### Support for Basketball from Arçelik

Arçelik views the support it gives to sports as an important contribution to the development of future generations, and it has sponsored a number of different sports in Turkey since its foundation. Basketball organizations which Arçelik has supported since 2006 with its brand, Beko, continued in the reporting period as well. Also continuing with its sponsorship for the Turkish Basketball League during the reporting period, Beko has become the 'Presenting Sponsor' of the European Basketball Championship that was organized between August 31 – September 18, 2011 in Lithuania.

As one of the most important basketball leagues of Europe, the German Basketball League has been renamed at the beginning of the 2009-2010 season as "Beko Basketball Bundesliga," after Beko became its name sponsor. Since 2010, the Russian basketball league has been organized with the name of "Beko Professional League." In the past days, Beko has also taken on the sponsorship of the Lithuanian league and starting with the 2011-2012 season, it will be played as the "Beko LKL League." With its brand, Beko, Arçelik will continue to be the "Sponsor of Basketball" in Turkey and around the world.

### Arçelik's Support for Football

With its long history and dynamic structure, Grundig is one of Arçelik's strongest brands. With the agreement signed in July 2011, Grundig has become the official technology sponsor of Germany's Football Leagues "Bundesliga." According to the signed contract, Grundig will provide the broadcast production unit and central office of the German Football League Union DFL, with the latest technology televisions. Grundig technology will support Bundesliga broadcasts, starting from the production period.

### Aygaz Supports the American Football Team of Koç University

Aygaz has been supporting the Koç University RAMS American Football team since 2007. Sports equipment and playing away expenses of the team members are provided by Aygaz.

### Otokoç Otomotiv Supports Sports

Otokoç, has continued to support sports during the reporting period by sponsoring the Hülya CUP Tennis Tournament, Adana





Arçelik Research &amp; Rescue Team

### Tofaş Sports Club

Founded in 1974, in the **Tofaş** Factory in Bursa, under the name of **Tofaş SAS** (Combining Tofaş and the SAS club – Water Sports, Athletics, Sportive games), the sports club took the name of **Tofaş Sports Club** in 1995. By the year 2009, **Tofaş Sports Club** is showing activity in the branches of basketball, football, volleyball, table tennis, water polo and bridge.

Achieving the Championship in the second division during 2008-2009 season, **Tofaş** Basketball Team competed successfully in first division, Beko Basketball League, during 2010-2011 season. **Tofaş** Men's Junior Basketball team became the "Men's Junior Turkey Champions" in the 2010-2011 season.

### Supports for Sports from Tüpraş

Founded in 2006 and working with 26 licensed athletes, **Batman Sports Club** for the Disabled Association has been renowned in the public for its successes, and continues with its activities with the support of **Tüpraş**.

"Tüpraşspor Football Club," which was founded in 1995 as an independent initiative of a group of employees at **Tüpraş** Batman Refinery, continues its activities with the support of the company, and provides talented young people who live around the Batman Refinery with a platform where they can play consciously in a healthy environment and opportunity to rise in this field.

Holding 80 athletes between the ages of 8-19 in 2011, the club has received significant titles in regional and national competitions in the age groups of 14, 16 and 19. Providing services with 2 trained coaches and masseurs, the club also pays close attention to its young members' success in formal education and sets it as a prior condition to accepting them into the club.

### Yapı Kredi Supports for Sports

**Yapı Kredi** has continued its support for sports by contributing to the Golf Tournament and a Yacht Race, "Cup'ışalım mı?".

### Support to Van

Following the earthquake with a magnitude of 7.2 occurred in Van, Koç Group Companies took immediate action and mobilized their resources to help the victims. A Coordination Committee has been

set up under Koç Holding's roof, which took the responsibilities of identification and provision of urgent needs, as well as propeling first aid and search & rescue teams to the region. For the purposes of identifying additional needs of the area and on-field coordination of the Koç Group's aid campaign, Koç Holding's CEO Osman Turgay Durak and a group of senior executives paid a visit to the earthquake region.

Koç Group search and rescue team, composed of 92 employees from **Arçelik**, **Yapı Kredi Bank**, **Tofaş**, **Ford Otosan** and **Tüpraş**, worked in several areas in Erciş. **Ford Otosan** Search and Rescue Team (FOKE) reached Van on the first day of the earthquake and supported the rescue works in shifts. They helped rescue Baby Azra and her family, who became the symbol of hope for the Van Earthquake. Aid supplies that included electric generators and heaters, which were identified to be primary needs, were delivered to the earthquake area in a short time. Aid supplies sent by **Aygaz**, **Arçelik**, **Koçtaş** and **Tat Konserve** companies have been distributed to those in need under the supervision of local officials.

**Aygaz**, primarily, sent LPG cylinders in various dimensions to the area and managed their distribution. **Aygaz** also sent open air heaters to be used in the search and rescue works, and catalytic heaters, stoves, illumination devices that run on LPG and other related equipment to be used in the tent cities. **Koçtaş**, primarily delivered electric generators, construction material and various products to be used in the search and rescue works in the area, and in the following days it has also sent inflatable beds.

The fuel supply for the electric generators in the area has been provided by **Opet** until the search and rescue works ended and city electricity is turned back on.

**Tat Konserve** sent aid packages that include various food products to the earthquake region. Together with these food products, trailers carrying emergency aid supplies were sent to the region by **Arçelik**. In the **Arçelik** trailers, there were full functioning laundry machines & dryers, detergent, blankets, catalytic heaters, infrared heaters, wooden pallets, potable water, various food products, cleaning and clothing materials. Also, 800 families in Van, Erciş and the villages were supplied tents that would provide better sheltering opportunities to

the earthquake victims, under the harsh winter conditions.

Koç Group Companies, including **Koç Information Technologies Group**, **TürkTraktör**, **Arçelik** and **Aygaz**, sent the emergency aid materials they collected from their employees that work at the headquarters and facilities across the country, via the campaigns they organized, to the earthquake region, by trucks and trailers and in parties. In addition to the emergency aid support it has given to the earthquake region, in 2012, Koç Group will continue to help long-term solution finding efforts to the ongoing problems in the region.

### Activities within the scope of the Global Compact

In 2011, the Koç Group continued to support work related to the adoption and expansion of the principles of the Global Compact. In 2011, having supported the development of a management model within the scope of the GC, Koç Holding participated in the UN Global Compact Management Tool Training jointly held by the UN Global Compact Office and Deloitte at the Global Business Partnership Forum of the Fourth United Nations Conference on Least Developed Countries. Koç Holding presented the Koç Holding Sustainability Management System as an exemplary practice at this event.

# GRI Index

GRI Indicators	Reference	Page	Notes	Response Level
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1.1	Message From the Chairman	2		Fully
	Message From the CEO	3		
1.2	Message From the CEO	3		Fully
	Sustainability Management at Koç	6		
	Climate Change and Emission Management	23, 24		
2.1	Contact	Inside Back Cover		Fully
2.2	Koç Group in 2011	4	<a href="http://www.koc.com.tr/en-us/Corporate/Sectors/Pages/Sectors.aspx">http://www.koc.com.tr/en-us/Corporate/Sectors/Pages/Sectors.aspx</a>	Fully
2.3	Koç Group in 2011	4, 5	<a href="http://www.koc.com.tr/en-us/Corporate/List_of_Companies/Pages/ListofKocGroupCompanies.aspx">http://www.koc.com.tr/en-us/Corporate/List_of_Companies/Pages/ListofKocGroupCompanies.aspx</a>	Fully
	Governance at Koç	7		
2.4	Contact	Inside Back Cover		Fully
2.5	Koç Group in 2011	4, 5	<a href="http://www.koc.com.tr/en-us/Corporate/List_of_Companies/Pages/ListofKocGroupCompanies.aspx">http://www.koc.com.tr/en-us/Corporate/List_of_Companies/Pages/ListofKocGroupCompanies.aspx</a>	Fully
2.6		-	<a href="http://www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/ShareholderStructure/Pages/ShareholderStructure.aspx">http://www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/ShareholderStructure/Pages/ShareholderStructure.aspx</a>	Fully
2.7	Koç Group in 2011	4, 5	<a href="http://www.koc.com.tr/en-us/Corporate/List_of_Companies/Pages/ListofKocGroupCompanies.aspx">http://www.koc.com.tr/en-us/Corporate/List_of_Companies/Pages/ListofKocGroupCompanies.aspx</a>	Fully
2.8	Koç Group in 2011	4, 5		Fully
	Product Information	33		
2.9	-	-	<a href="http://www.koc.com.tr/en-us/Investor_Relations/MaterialDisclosures/Pages/MaterialDisclosures.aspx">http://www.koc.com.tr/en-us/Investor_Relations/MaterialDisclosures/Pages/MaterialDisclosures.aspx</a>	Fully
2.10	Koç Group in 2011	4, 5		Fully
	Environmental Awards	30, 31		
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	Pioneer of Philanthropy Award to the Koç Family	37		
	High Honors Medal to Rahmi Koç	37		
	Koç Fest University Sports Games	42		
3.1	About the Report	1		Fully
3.2	About the Report	1		Fully
3.3	About the Report	1		Fully
3.4	Contact	Inside Back Cover		Fully
3.5	About the Report	1	"Koç Holding A.Ş. a holding company, when considered solely, has no significant impact in terms of performance indicators compared to its subsidiaries. So in this reporting engagement we intend to demonstrate totality of impact that Koç Group creates including its subsidiaries. We include our subsidiaries' performances to our reporting engagements and progressively increase boundary level. In this report, we disclose performance for 17 Group Companies which were eligible according to GRI Guidance on Boundary Settings. Boundary level of this report also covers all major Koç Group Companies referring to 85.4% of total Group employees and 91% of the Group's combined revenue. Beside the 10 principles of UNGC, Koç Holding Sustainability Performance Evaluation and Reporting System creates the basis of reporting content which is found on material sustainability issues for totality of Koç Group. During the process of establishing the System, material issues for Koç Group were determined by Koç Holding employees in consultation with subsidiaries' experts and external expertise; reconsidered and revised if necessary in the beginning of every reporting engagement. Deciding on materiality is a challenging process for a holding company due to the sector specific differences of the subsidiaries. To this end, Koç Group materiality is created with respect to form a Group level consolidated materiality coverage, in the most comprehensive way possible. Sector specific issues are disclosed subsidiaries' own reporting engagements. Koç Holding publishes CSR reports in order to communicate with its key stakeholders who are identified within the strategic communication planning processes. To this end, as intended audience for CSR reporting practice, Koç Holding targets all person and entities identified as key stakeholder groups namely employees, customers, shareholders, investors, professional organizations, civil society organizations."	Fully
	Sustainability Management at Koç	6, 7		
	Sustainability Performance Management	7		
	Our Stakeholders	8		
3.6	Content of the Report	Inside Front Cover		Fully
	About The Report	1		
3.7	Content of the Report	Inside Front Cover		Fully
	About The Report	1		
3.8	Content of the Report	Inside Front Cover		Fully
	About The Report	1		
3.9	Sustainability Management at Koç	6, 7	In performance measurement, Koç Holding and Group companies use reliable and standardized system and information technology infrastructure. All the measurement parameters used in this report were provided by methodologies accepted in field and methods set by GRI performance indicators were abided.	Fully
3.10	About the Report	1		Fully
	Sustainability Management at Koç	6, 7		
3.11	About the Report	1		Fully
3.12	GRI Index	44-46		Fully
3.13	Disclaimer	Inside Back Cover		Fully

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GRI Indicator	Reference	Page	Notes	Response Level
<b>Profile Indicators</b>				
4.1	Governance at Koç	6, 7	<a href="http://www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/Org/Pages/Organization_Chart.aspx">http://www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/Org/Pages/Organization_Chart.aspx</a>	Fully
4.2	Governance at Koç	6		Fully
4.3	Governance at Koç	6		Fully
4.4	Governance at Koç	6, 8		Fully
	Occupational Health and Safety at Koç	10, 11		
	Employee Engagement Survey	16		
	Suggestion Systems	16, 17		
4.5	Governance at Koç	6		Fully
	Koç Compensation System	15, 16		
4.6	Koç Holding Annual Report 2011	82	<a href="http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/AnnualReports/Pages/AnnualReports.aspx">http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/AnnualReports/Pages/AnnualReports.aspx</a>	Fully
4.7	Governance at Koç	6		Fully
	Koç Holding Annual Report 2011	14-15; 18-19	<a href="http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/AnnualReports/Pages/AnnualReports.aspx">http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/AnnualReports/Pages/AnnualReports.aspx</a>	
4.8	Governance at Koç	6, 7	<a href="http://www.koc.com.tr/en-us/Corporate/Vision_and_Values/Pages/VisionandValues.aspx">http://www.koc.com.tr/en-us/Corporate/Vision_and_Values/Pages/VisionandValues.aspx</a>	Fully
4.9	Governance at Koç	6, 7		Fully
	Koç Holding Annual Report 2011	Inside Front Cover, 24-25	<a href="http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/AnnualReports/Pages/AnnualReports.aspx">http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/AnnualReports/Pages/AnnualReports.aspx</a>	
4.10	Governance at Koç	6		Fully
	Koç Compensation System	15, 16		
4.11	The Global Compact	Inside Front Cover		Fully
	Governance at Koç	6, 7		
	The 2 ° C Challenge Communiqué	24		
	Koç Holding Annual Report 2011	Inside Front Cover, 24-25	<a href="http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/AnnualReports/Pages/AnnualReports.aspx">http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/AnnualReports/Pages/AnnualReports.aspx</a>	
4.12	The Global Compact	Inside Front Cover		Fully
	Sustainability Management at Koç	6		
	The 2 ° C Challenge Communiqué	24		
4.13	Our Stakeholders	9		Fully
4.14	Our Stakeholders	8		Fully
4.15	Our Stakeholders	9		Fully
4.16	Our Stakeholders	8, 9		Fully
4.17	Our Stakeholders	8, 9		Fully
<b>Management Approach</b>				
DMA EC	"Governance at Koç (p.6-9); Work Environment at Koç (p.14); Koç Academy and Training in our Companies (p.15); Koç Group Compensation System (p.15-16); Koç Holding Retirement Pension Foundation (p.18); Environmental Management (p.22-23); Climate Change and Emission Management (p.23-24); Environmentally Friendly Products at Koç (p.29); Environmental Trainings Provided in 2011 (p.30); Koç Provide Support for Health (p.34); For My Country (p.34); Vehbi Koç Foundation (p.35); Koç Supports Education (p.35-36); Vocational Education: A Crucial Matter for the Nation Project (p.36); Koç Supports Arts and Cultural Heritage (p.40); Koç Holding Annual Report 2011 (p.2-7) <a href="http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/AnnualReports/Pages/AnnualReports.aspx">http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/AnnualReports/Pages/AnnualReports.aspx</a> "			Fully
DMA EN	Governance at Koç (p.6-7); Management of Environmental Issues (p.7); Environmentally-Friendly Practices at Koç (p.22); Environmental Management (p.22-23); Environmental Management and Investment Expenditures (p.23); Climate Change and Emission Management (p.23-24); Reduction in Indirect Energy Consumption (p.25); Efficiency at Koç (p.25-27); Koç Group Recycling Project (p.26); Biodiversity and Environmental Development Projects (p.28); Environmentally Friendly Products at Koç (p.29-30)			Fully
DMA LA	"Sustainability Management at Koç (p.6-7); Human Rights at Koç (p.10); Occupational Health and Safety at Koç (p.10-13); Labor Union Rights at Koç (p.13); Work Environment at Koç (p.14, 15, 16, 18); Minimum Notice Periods (p.15); Koç Academy and Training in our Companies (p.15); Koç Group Compensation System (p.15); Leader Development Programs (p.17); Koç Holding Retirement Pension Foundation (p.18); Any personal property of employees can not be the reason of different treatment, like all processes of Koç Group companies, in remuneration process. For this reason, as long as they perform the same job, all Group employees are paid equal wages. Equality of women and men wages may vary only in seniority status, overtime, performance bonus and similar payment cases."			Fully
DMA HR	"Sustainability Management at Koç (p.6-7); Human Rights at Koç (p.10); Labor Union Rights at Koç (p.13); Work Environment at Koç (p.14, 15); Operational Entry and Decommissioning Practices (p.26); Business Ethics in the Supply Chain (p.32); Being a signatory party to UNGC, Koç Holding is committed to support and respect protection of human rights within its sphere of influence; to ensure that its operations are not complicit in human rights abuses. Koç Holding and its subsidiaries take necessary precautions in order to realize these principles within all processes including security processes; parallel precautions and implications are expected from supply chain."			Fully
DMA SO	"Sustainability Management at Koç (p.6-7); Governance at Koç (p.6-7); Operational Entry and Decommissioning Practices (p.26); Ethical Values at Koç (p.32-33); Relevant contribution to political parties, politicians and related institutions is zero. <a href="http://www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/VisionValues/Pages/VisionValues.aspx">http://www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/VisionValues/Pages/VisionValues.aspx</a> ; <a href="http://www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/Strategic_Principles/Pages/Main_Competitive_Advantages.aspx">http://www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/Strategic_Principles/Pages/Main_Competitive_Advantages.aspx</a> "			Fully
DMA PR	"Governance at Koç (p.6); Sustainability Management at Koç (p.6-7); Our Stakeholders (p.8,9); Ethical Values at Koç (p.32-33); Responsible Advertising and Marketing (p.33); Product Information (p.33) <a href="http://www.koc.com.tr/en-us/Corporate/Vision_and_Values/Pages/VisionandValues.aspx">http://www.koc.com.tr/en-us/Corporate/Vision_and_Values/Pages/VisionandValues.aspx</a> "			Fully



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<b>Performance Indicators</b>				
EC1	Koç Group in 2011 Koç Holding Annual Report 2011	4, 5	<a href="http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/AnnualReports/Pages/AnnualReports.aspx">http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/AnnualReports/Pages/AnnualReports.aspx</a>	Partially
EC2	Climate Change and Emission Management	23-24		Partially
EC3	Koç Holding Retirement Pension Foundation	18		Partially
EC5	Koç Group Compensation System	15-16		Fully
EC7	Work Environment at Koç	14		Fully
EC8	Social Development at Koç	34-43	Koç Provides Support for Health (p.34); For My Country (p.34); Vehbi Koç Foundation (p.35); Koç Supports Education (p.35-38); Vocational Education: A Crucial Matter for the Nation Project (p.36); Koç Companies Support Education (p.38-40); Koç Supports Arts and Cultural Heritage (p.40); Koç Companies Support Arts and Culture (p.40-41); Koç Companies Support Cultural Heritage (p.41-42); Koç Supports Sports (p.42); Koç Companies Support Sports (p.42-43)	Partially
EC9	Quality and Management Systems	7		Partially
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	Koç Academy and Training in our Companies	15		
	Environmentally Friendly Products at Koç	29-30		
	Environmental Trainings Provided in 2011	30		
	Vocational Education: A Crucial Matter for the Nation	36-37		
	School Workplace Partnership Model Implementations from Koç Group Companies	37-38		Fully
EN5	Message From the CEO	3		
	Efficiency at Koç	25		
EN6	Environmentally Friendly Products at Koç	29-30		Fully
EN7	Reduction in Indirect Energy Consumption	25		Fully
EN8	Efficiency at Koç	25		Fully
EN10	Efficiency at Koç	25		Fully
EN11	Biodiversity and Environmental Development Projects	28		Fully
EN13	Biodiversity and Environmental Development Projects	28		Fully
EN14	Biodiversity and Environmental Development Projects	28		Partially
EN18	Climate Change and Emission Management	23, 24		Fully
EN20	Protecting the Quality of the Air	24		Partially
EN21	Waste Water Disposal	26		Fully
EN22	Efficiency at Koç	26		Partially
	Koç Group Recycling Project	26	Disposal methods are determined depending on waste management regulations, directives and implemented environmental management standards of government agencies and the category and type of waste.	
EN26	Environmentally Friendly Products at Koç	29-30		Fully
EN30	Environmental Management and Investment Expenditures	23		Fully
LA1	Work Environment at Koç	14	As the report covers Koç Group activities and projects carried out only in Turkey no regional breakdown is cited.	Fully
LA4	Labor Union Rights at Koç	13		Fully
LA5	Minimum Notice Periods	15		Fully
LA6	Occupational Health and Safety at Koç	11		Fully
LA8	Occupational Health and Safety at Koç	10-12		Fully
LA9	Occupational Health and Safety at Koç	10-12		Partially
LA10	Koç Academy and Training in Our Companies	15	In 2011, Average training hours were 26.66 hours for blue collar employees and 53.02 hours for white collar employees.	Fully
LA11	Koç Academy and Training in Our Companies	11		Fully
	Minimum Notice Periods	15		
	Leader Development Programs	17		
	Koç Holding Retirement Pension Foundation	18		
LA12	Koç Group Compensation System	15-16		Fully
LA14	Koç Group Compensation System	15	Any personal property of employees can not be the reason of different treatment, like all processes of Koç Group companies, in remuneration process. For this reason, as long as they perform the same job, all Group employees are paid equal wages. Equality of women and men wages may vary only in seniority status, overtime, performance bonus and similar payment cases.	Fully
HR2	Business Ethics in the Supply Chain	32		Fully
HR4	-	-	During the reporting period, one of our Group Companies, Tüpraş, has received one discrimination claim from a visitor regarding the restriction of her entrance to the refinery area. As a result of investigations conducted regarding to this claim, it has been found that visitor's entrance to the refinery area was restricted due to health and safety measures that Tüpraş strictly follow, but not to any discriminatory action. Necessary information has been provided to interested parties.	Fully
HR5	Labor Union Rights at Koç	13		Fully
HR6	Human Rights at Koç	10		Fully
HR7	Human Rights at Koç	10		Fully
SO1	Operational Entry and Decommissioning Practices	26		Partially
SO2	Ethical Values at Koç	32-33		Partially
SO3	Ethical Values at Koç	32-33		Partially
SO4	Ethical Values at Koç	32-33		Partially
SO6	Ethical Values at Koç	32	Relevant contribution to political parties, politicians and related institutions is zero.	Fully
PR3	Ethical Values at Koç	33		Fully
PR5	Our Stakeholders	8, 9		Fully
PR6	Responsible Advertising and Marketing	33		Fully

## Disclaimer

This Report has been prepared by Koç Holding A.Ş. ("Koç" or "Koç Holding" or "Koç Group") in the context of United Nations Global Compact Initiative which Koç adhered to on March 30, 2006.

All information and opinions contained in this Report which does not purport to be comprehensive, have been provided to by Koç Group and have not been independently verified for this purposes.

This Report is prepared for information purposes only and it is not intended to form the basis of any investment decision. It does not constitute or form part of an offer to sell or issue, or a solicitation of an offer to purchase or subscribe for, any securities or other interests in the Koç Group and no legal relations shall be created by its issue.

All information contained in this Report and associated documents were believed to be accurate for the time period it covers, expressed in good faith and based on sources believed to be reliable. However, this does not constitute a representation, guarantee, warranty or undertaking of any nature on Koç Group.

Accordingly, none of Koç Group or their respective advisors, directors or employees shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a results of relying on any statement in or omission from this Report or in any other information or communications in connection with the Report.



## Statement GRI Application Level Check

GRI hereby states that **KOÇ HOLDİNG A.Ş.** has presented its report "KOÇ GROUP CORPORATE SOCIAL RESPONSIBILITY REPORT 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 29 May 2012

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.*  
[www.globalreporting.org](http://www.globalreporting.org)

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 22 May 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

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