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- 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

For more detailed information regarding our operations as well as any updates and news beginning 1 January 2013, you may visit Koç Holding corporate website along with the websites of the individual Group companies and Vehbi Koç Foundation.

gc@koc.com.tr

Your feedback, suggestions and criticisms are the most valuable source we have to improve our reporting studies.

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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 allow them to achieve further objectives in terms of risk management, efficiency growth, motivation and fidelity of employees, brand awareness as well as access to new markets.

Adopted on a voluntary basis, the Global Impact has been made gradually more widespread since the year 2000 while the studies conducted in order to ensure compliance with the aforementioned principles are reported through the UNGC website.

According to the data provided on the UNGC website (www.unglobalcompact.org) at the time when this report was coming out, the Global Compact has reached over 11,000 participants from 130 countries. 7,290 of those participants are businesses and the remaining 3,767 include public agencies, local administrations, associations, foundations, trade unions, professional organizations and academic bodies. with 247 participants in Turkey, the UN Global Compact has established a local network.

The 10 Principles of the UN Global Compact

Human Rights

- P. 10-11 Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- P. 10-11 Principle 2: Make sure that they are not complicit in human rights abuses.

Labor Standards

- P. 11 Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- P. 10-17 Principle 4: the elimination of all forms of forced and compulsory labor;
- P. 10-17 Principle 5: the effective abolition of child labor; and
- P. 10-17 Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- P. 17-25 Principle 7: Businesses are asked to support a precautionary approach to environmental challenges;
- P. 17-25 Principle 8: Undertake initiatives to promote greater environmental responsibility; and
- P. 17-25 Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- P. 26-27 Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



ABOUT THE REPORT

The primary duty of companies is to create added value for the societies in which they operate. We are pushing ahead in accordance with the personal motto of our founder, Vehbi Koç, 'I live and prosper with my country', to carry out this duty successfully, focusing on the 86 years of the shared wisdom, labor and belief of our employees. The secret to our continuous success lies in the fact that we regard challenges not as obstacles, but as opportunities. Just as there is a key to every lock, there has to be a solution to every problem. We believe that creative thinking accompanied by determined work is the key that opens the doors of success.

As the largest private sector enterprise and employer in Turkey, we are aware of our responsibility for enhancing the quality of life through our operations and ensuring sustainable development for people. We are therefore turning social expectations and needs into innovative products and services, taking the lead for further development in various fields including health, education, culture and arts.

Focusing our activities on addressing the expectations and views of the stakeholders, we believe that sharing a constructive communication environment with them makes us more successful. Hence, we develop our relations with the stakeholders in line with the principles of transparency and accountability. Therefore, since 2006, Koç Group Corporate Social Responsibility Reports have been published to present our understanding and performance to our stakeholders regarding social, economic and environmental issues within a comprehensive and reliable framework.

Like the previous report we issued in 2012, we have followed the UN Global Compact COP reporting procedures and the Global Reporting Initiative G3 Reporting Framework B level application requirements in our study this year. In light of the positive views we have developed, we intend to follow the same guidance methodology.

The performance evaluation infrastructure of our reporting study is based on Koç Group Sustainability Performance Evaluation and Reporting System. The feedback we received from experts and users during the period has enabled us to improve efficiency of the reporting processes by means of the innovations introduced to the content infrastructure of our system. In the periods ahead, we aim to conduct studies to improve the efficient use of the system further.

As a result of the extent of its domain and strength of its impact, Koç Group touches the lives of many stakeholders of various types either directly or indirectly. That is why the wide spectrum

of stakeholders to read the report is taken into consideration while establishing the content basis and communication structure of our report. In this context, the intended audience for this report encompasses a broad range of stakeholder groups including our employees, customers, shareholders, investors, NGOs and professional organizations.

This report covers Koç Holding activities and projects carried out in Turkey between January 1st 2012 and December 31st 2012. 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. 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 87.7% of Group employees and 90.9% of combined revenue.

* Koç Information Technologies Group does not represent a legal entity, but a common name for, **Koç Group IT Companies**, namely **KoçSistem, Callus, Bilkom, Promena, Koç Bilgi ve Savunma Teknolojileri**. Within this report, unless otherwise stated, all performance and application information disclosed regarding **Koç Information Technologies Group** consists of the shared data and practices of these 5 companies.



MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

Scientific and technological advances offer us previously unmatched possibilities in life. Nevertheless, the increase in world population and the social as well as physical conditions associated with this has resulted in new demands and expectations calling for our response. Finding a solution requires transformation of current technological and economic development into an acceptable standard of life for the world in general. While undertaking this transformation, it is also necessary to choose a sustainable path which will not put the needs of future generations at risk. It is therefore a key responsibility of the business world, to lead this transformation which requires coordination among all parties involved.

For Koç Group the essential goal is to enhance the quality of life by creating added value for the community. We have grown and developed together with our community for 86 years and completed projects contributing positively to the economic, social and environmental development of Turkey, our main operating geography, in areas ranging from industry and trade to daily life, from education, health and employment to culture and arts.

Operating in many different sectors such as energy, automotive, finance and consumer products, Koç Group is the largest private sector enterprise in Turkey today with over 82,000 employees in total. The great size of our impact area naturally increases our responsibility to establish a sustainable and quality standard of life for the future generations. The activities of Koç Group are thus focused on developing products and services which are environmentally friendly in terms of their production conditions and use, which contribute to the development of the socioeconomic quality of life, and which are accessible by large segments of the community.

In 2012 Koç Group continued its performance improvement trend in all areas of sustainability, environment in particular. As a result of the efforts shown during the period, we have managed to register significant improvements in a number of areas, above all energy efficiency and reduction of GHG emissions. We consider climate change as the most important obstacle to a sustainable future. For that reason, we analyze the situation from a multi-dimensional perspective; develop our operation processes, products and services in view of the climate factor. As one of the companies allocating the largest amount of resources for R&D in Europe, Koç Group continued in 2012 to develop the most environmentally-friendly product and service options in its sectors. In order to continue and further develop this trend in the years to come, we aim to allocate even higher amounts of resources for R&D and investment studies.

Koç Holding, Group Companies and Vehbi Koç Foundation have continued to contribute to social development in 2012. Conducting studies in many areas including education, health, sports, arts and culture, they changed the lives of hundreds of thousands of people for the better.

Pioneering the transformation is a formidable responsibility demanding a great number of qualities. Our approach to this responsibility is well expressed by a quotation from William A. Ward: "The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails". As we try to fulfill our responsibilities, we have adopted creativity, innovation, productivity and institutionalization as our guiding principles. We focus on innovative solutions as opposed to challenges since we believe in the fact that every problem we come to face has its own solution, and that, as pioneers of change, the key to this lock is with us.

We take pride in having fulfilled our commitment to our stakeholders in 2012, a successful period during which our performance development continued. I would like to express our gratitude to all stakeholders -particularly to our employees, customers, investors, suppliers and business partners- who have contributed significantly to our success.

Mustafa V. Koç

Koç Holding A.Ş.
Chairman

MESSAGE FROM THE CEO



Distinguished Stakeholders,

Now that we have passed the worst of the recent economic crisis, we are more committed than ever to upholding the ideals of corporate sustainability in the context of successfully navigating the global economy. Maintaining the climate balance, strengthening human rights and supporting socioeconomic development are just as important as financial and operational risks in today's business world. Organizations capable of addressing social expectations through the value chain they create will take a leading role in the transformed economic order. The understanding we have inherited from our founder Vehbi Koç accepts community development as an indispensable part of corporate development. Koç Group companies are managed in accordance with this principle and continue to enjoy high levels of success in business while developing the sustainability of the value chain they create.

Shocks from the global crisis continued to reverberate during 2012. In spite of the challenges faced by the world in general and in Turkey, Koç Group achieved a level of success even higher than expected, increasing its consolidated turnover by 13% to approximately 85 billion TL. The expectation that new opportunities could appear in our operating geography in the period ahead is reinforced by the fact that, through the implementation of more efficient and proactive policies, market tension is reduced in the EU countries while the growth levels of the developing countries gain impetus at the same time.

Our corporate sustainability performance also improved significantly in 2012. We enjoyed great success in resource utilization thanks to the studies made for the efficiency studies of the Group companies. Despite the increase in production during the year, we were able to reduce our energy consumption by 5.44 million GJ and the GHG emission by 369.8 thousand CO₂e. Group companies in general met 31.5% of their water needs through recovery practices introduced to save water during the period. Moreover, 50,043 saplings were planted in 2012 as a result of our Group companies' traditional efforts for afforestation.

Providing environmentally-friendly product and service options for our consumers is an essential aspect of our studies for corporate responsibility. For this purpose, a great portion of the 506 million TL invested in the R&D by our Group companies in 2012 was spent on studies to develop tens of new products constituting the most environmentally-friendly options in their categories and also to enhance the environmental performance of the current products. As a result of our studies for ensuring production efficiency and developing environmentally-friendly products, not only did we manage to reduce the environmental impact of the products during their lifecycles but also improved the economic performance of our companies thanks to the competitive power we came to enjoy.

Known for the support it has lent to community development since its early days, Koç Group introduces practices which could be sustained, scaled and repeated as far as its studies are concerned. Vocational Education: A Crucial Matter for the Nation has gone well-beyond providing merely better education conditions, scholarship and internship options for thousands of students in line with the potential of the Group and resulted in the establishment of the mentorship model, which was originally launched to support the individual development of the students, outside Koç Group too. Therefore in 2012, 29 more companies began to implement this model, which is based on the employee volunteerism. In a similar fashion in 2012, Group companies undertook 258 activities of donations, sponsorships and projects in total, and 20,209 Group employees volunteered in them.

People have emerged from every difficulty and period of change through open-mindedness, innovation and focused effort to make great progress. Because there is a solution to every problem, and a key to every lock. Commitment to success is the key that opens every door. We would like to thank all who helped us, in spite of all the challenges we faced, enjoy such great success in 2012; our dealers, customers, suppliers and all other stakeholders, particularly our Group employees who have proved to be creative, solution oriented people with a firm belief in success.

Turgay Durak

Koç Holding A.Ş.
CEO

KOÇ GROUP IS THE LARGEST INDUSTRIAL CONGLOMERATE OF TURKEY. ACCORDING TO İSTANBUL CHAMBER OF INDUSTRY'S 'TURKEY'S TOP 500 INDUSTRIAL ENTERPRISES 2011' LISTING, FIVE OF THE TOP TEN COMPANIES ARE KOÇ GROUP COMPANIES.

KOÇ GROUP IN 2012

ENERGY

Main Companies

Tüpraş*
Aygaz*
Opet
Mogaz
AES Entek
Aygaz Doğal Gaz
Akpa
Demir Export

International Alliances

AES Corporation

* Listed companies

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

BANKING and INSURANCE

Main Companies

Yapı ve Kredi Bankası A.Ş.*
Yapı Kredi Leasing*
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
Koç Finans

International Alliances

Unicredit

OTHER

Main Companies

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

International Alliances

B&Q
Kagome Sumitomo
Kaneka Seeds

10%
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

20,209

Number of Employees
Volunteering for
Social Projects

66

Number of Facilities
Certified with
ISO 14001

248.5

million TL
Environmental
Protection
Expenditures and
Investments

258

Number of
Charitable,
Sponsorships
and Other Social
Projects

50,043

Saplings Planted for
Reforestation

One of the
World's Largest

250

Companies

In **34** countries

82,158 employees

39,115 man X hours

Environmental Trainings Provided
to Employees



Koç Holding is ranked as the

222nd largest
company in

"Fortune Global 500" List

Koç Holding is the only Turkish
company in "Fortune Global 500" list.

Koç Holding is the only Turkish
company in the list of the
"World's Most Admired
Companies" in the energy sector
in Fortune's 2013 rankings.

Koç Holding came

354th

on the Green
Rankings 2012: Global Companies list
among the top 500 companies in the
world.

World's **485**th largest
R&D investor

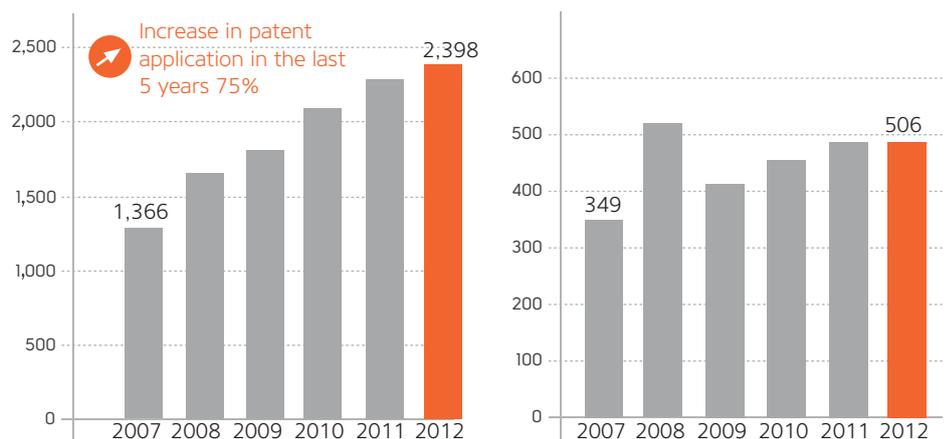
Koç Holding was listed among the
world's top companies by R&D
investment according to the "EU
Industrial R&D Investment Scoreboard"
for 7 consecutive years. Of the 5
Turkish companies on the list, 2 are
Koç Group Companies.

Koç Holding was one of the three
Turkish companies to make it to the
Boston Consulting Group's (BCG)
"2013 BCG 100: Rising Stars" list.

Four of the top ten companies in Turk-
ish Exporters' Assembly's
"Top 1,000 Exporters of Turkey"
listing in 2011 are Koç Group
Companies.

Values (TL Million)	31 Dec 2011	31 Dec 2012	Change (%)
Consolidated Revenues	74,943	84,833	13
Gross Profit	11,160	11,695	5
EBITDA	6,525	5,613	-14
Operating Profit	5,490	4,464	-19
Profit Before Tax	4,707	4,517	-4
Taxes	857	416	-51
Net Income	3,850	4,102	7
Minority Interest	1,726	1,787	4
Equity Holders on the Parent	2,124	2,315	9
Total Assets	98,621	109,067	11
Total Equity	23,271	26,751	15
Shareholders' Equity	13,897	16,286	17

Koç Group's Patent Portfolio (Cumulated Quantity) Koç Group's R&D Investments (TL Million)



%31.5

Percentage of
Recycled Water in
Total Water Usage



5.44

MILLION GJ
Total Energy
Saved



369.8

THOUSAND TONS
Total GHG
Emission Reduction

GOVERNANCE AT KOÇ

— Corporate Governance at Koç

Having a robust corporate governance structure is a goal we inherited from our founder Vehbi Koç and was therefore adopted by Koç Group as an understanding of management long before the concept reached its current value today in the business world. Shaped by principles such as integrity, respectability, ethical behaviour, compliance with laws and regulations, our corporate governance model forms the backbone of the management structures of Koç Holding and all the Group Companies. Koç Holding has thus been one of the first institutions to undertake the pioneering initiatives to reach high standards of corporate governance. For instance, Koç Holding is one of the first Turkish companies that adopted various governance principles such as having independent members on the board, correlating the remuneration of the senior management with sustainable financial and operational performances many years before those principles were introduced as legal obligations during the reporting period. 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 have duly adopted the "Corporate Governance Principles" issued by the Capital Market Board (CMB), implementing the principles to a large extent, and continuously enhancing their level of implementation. The Corporate Governance Compliance Report is presented every year to our stakeholders for their information. Of our Group Companies traded on the stock exchange, **Arçelik, Aygaz, Otokar, Tofaş, TürkTraktör, Tüpraş and Yapı Kredi Bank** received corporate governance ratings at regular intervals, and as a consequence of the high grades received, are traded on the Corporate Governance Index.

Board of Directors

The Board of Directors structure of Koç Holding is in harmony with the Corporate Governance Principles set forth by CMB. Koç Holding, has several internationally respected professionals on its board of directors as independent members, and has been one of the pioneering Turkish companies in this respect. None of the Board members have executive role. Currently, out of the 15 Board Members, 5 meet the independence criteria specified under the CMB principles. Additionally, 1 member complies with independence criteria except for Turkish residence criterion while another member complies with the criteria except for Turkish residence and duration requirements. Koç Holding's Board of Directors Chairmanship and CEO functions are conducted by different individuals.

For Board Membership positions of Koç Holding, well-qualified individuals equipped with superior level of knowledge and skills with experience in particular sectors are selected. Committees are established with the purpose of ensuring that the Board performs its duties and responsibilities in a sound and healthy manner.

Executive Committee

Composed of six members, the Executive Committee is established to enhance the efficiency of the studies of the Board of Directors as well as investments and business developments in the areas of the strategic goals determined. The Executive Committee prevents any gaps which may occur when the Board of Directors cannot convene as often and urgently as desired.

Audit Committee

The Audit Committee is responsible for the functioning and effectiveness of the processes and systems such as the accounting system, public disclosure of the financial data, independent auditing and internal control. With one of the members

acting as the chairman, the Committee is comprised of 3 independent members in total.

Corporate Governance Committee

The Corporate Governance Committee is responsible for monitoring the compliance of the Company to Corporate Governance Principles, reviewing the reasons put forward for not implementing certain principles and for making recommendations to the Board of Directors with respect to improvement measures. With the independent member acting as the chairman, the Committee is composed of 2 members.

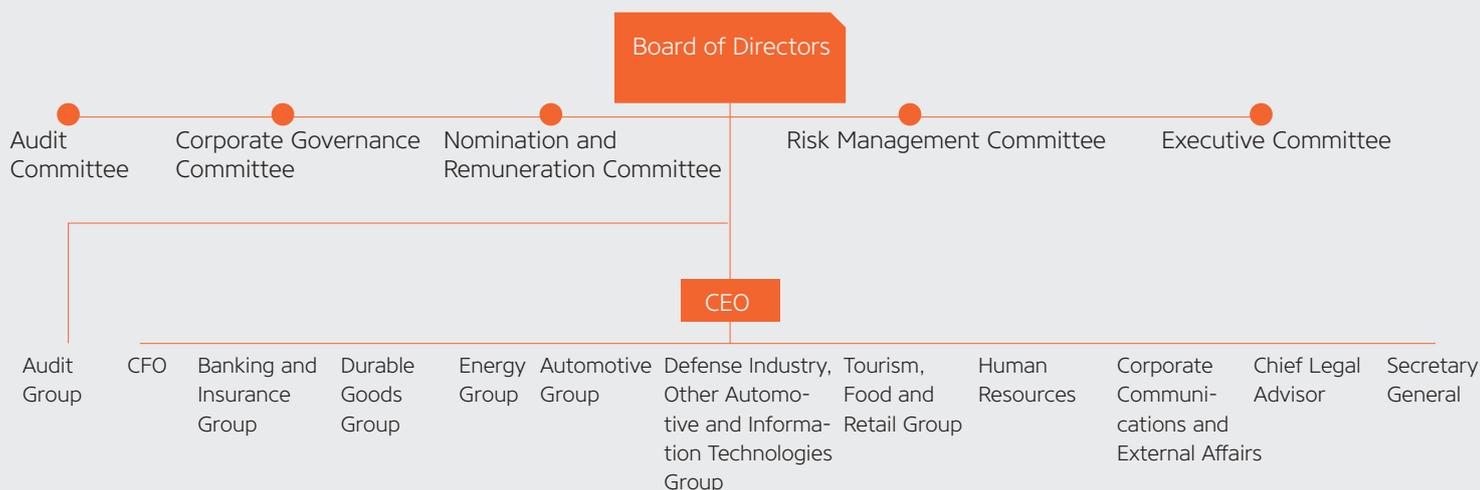
Risk Management Committee

Established during the reporting period, the duties of the Risk Management Committee are early diagnose of the risks that may put the existence, development and continuity of the company at stake and taking necessary measures regarding the risks detected and conducting studies regarding risk management. With the independent member acting as the chairman, the Committee is composed of 2 members in total.

Nomination and Remuneration Committee

Established during the reporting period for nominating candidates to the Board of Directors and fulfilling the determined duties regarding remunerations of the members of the Board of Directors as well as senior managers, the Nomination and Remuneration Committee is composed of 2 members in total including an independent member who also acts as a chairman.

You can find detailed information on the establishment of the Board of Directors and Committees, their working principles and member composition on the corporate website www.koc.com.tr.



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 the 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 corporate vision, 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

Risk Management Committee is the highest level of managing body responsible for this area. Studies on risk analysis and management of Koç Holding are conducted under the leadership of Presidency of Finance, in cooperation with other Presidencies. By means of meeting and report-

ing activities periodically, risks that are probable to be encountered by Koç 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.

Management of Social and Economic Issues

Koç 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 is supported, and equal opportunities for their development are provided. Human resources policies and strategies set forth by Koç 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 bodies

are constituted with the representation of employees, primarily in the field of occupational health and safety.

Koç Holding Code of Ethics and Business Conduct regulate the relations of the employees with the customers, the government, 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.

Koç 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 Koç 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

Koç Group has generated an Environmental Policy, Environmental Vision with respect to the environment as well as a Climate Change Strategy 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 Koç 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 hence the importance attached to this matter is further emphasized.



• TürkTraktör Employees

Sustainability Performance Management

Maintaining corporate sustainability at Koç Group Companies is the main target of Koç Holding. In parallel to such goal, the managerial approaches developed in the respective areas of social, economic, and environmental responsibility, are monitored on an objective methodology basis through and by means of Koç Group Sustainability Performance Assessment and Reporting System. The system is continuously improved thanks to the user and expert feedback received at the end of every reporting period.

— Our Stakeholders

In line with its governance principle and managerial approaches, Koç Holding is in constant and constructive communication with its stakeholders. As a result of this approach, the stakeholders of Koç Holding and Group companies are identified through impact assessment. Because of the structure of its affiliations, Koç Holding deals with a broad range of stakeholders, primarily shareholders, companies, employees, dealers, agents, customers, NGOs and public institutions. As far as stakeholder engagement is concerned, the engagements implemented include one-way and two-way information provision and feedback methods, project based partnerships, mutual discussions and similar practices. The main principle in identifying the corporate stakeholders to be cooperated with is their compliance with the criteria lying at the core of the way Koç Holding conducts business. Those principles expected to be fulfilled by the corporate stakeholders include integrity, respectability, ethical behavior and compliance with laws and regulations. Moreover, the other continuously evaluated criteria for any ongoing or future cooperation to be developed are about the potential contribution to the community as well as potential of creativity and innovation.

Social stakeholders convey Koç Holding

their demands of individual and corporate support, sponsorship, scholarship and co-operation. Those demands are evaluated according to their respective areas either by Koç Holding Corporate Communication Directorate or Vehbi Koç Foundation and are addressed with a focus on the current means for support and future plans. Apart from the corporate websites and e-mail addresses of Koç Holding and Vehbi Koç Foundation, gc@koc.com.tr can also be used for communication.

The inquiries made to the Department of Investor Relations are answered verbally, in writing or via email depending on the method preferred for making the inquiry. The inquiries are predominantly about the operations of the companies, their shareholding status as well as plans for the future. The questions posed by investors and analysts are answered with due participation of the senior management while the podcasts, minutes of the meetings together with the records of the questions posed and the answers provided during the talks are published on the Koç Holding website. You may access to the data provided in these meetings along with the transcriptions of the questions conveyed from the following link http://www.koc.com.tr/en-us/Investor_Relations/FinancialStatementsStatistics/Web_Casts/Pages/Web_Casts.aspx

Stakeholders are regularly invited to participate in the meetings concerning them or are informed through different means of communication when needed. The public is informed via press meetings held and statements made. Various events are organized to meet and inform employees. In addition to that, our intranet, which is accessible to our Group employees, covers important announcements, changes in management and press releases. "Bizden Haberler" - News from Us- is issued periodically to enhance communication with the employees. Moreover, the infor-

mation provided on our website, our annual reports and practices implemented within the framework of our information provision policy are concerned not only to inform the shareholders alone but all the stakeholders involved.

Customers of Koç Group companies are able to share their views, suggestions and complaints regarding the products and services to the related departments through the call centres of the companies as well as via telephone, e-mail and websites. On top of these instruments, the contact form, email and phone line on the website allow customers to reach Koç Holding. The issues customers mainly contact are composed of their views, suggestions and complaints regarding products and services. The issues the customers have mentioned are then forwarded to the call centres, PR, HR and Corporate Communication departments of the related companies to be duly addressed.

Group companies actively meet dealers and suppliers to receive their views and suggestions at first hand. For that purpose, comprehensive meetings are held with dealers and suppliers during the year enabling a mutual exchange of views. In line with this policy, "Anadolu Buluşmaları"- Anatolian Rendezvous- meetings are held to bring Group company dealers from different regions together and enable them to produce ideas and exchange their views. Koç Holding Chairman, CEO and senior managers participate in those meeting, which keep the dealers up-to-date regarding the current developments in the Group and allow a mutual exchange of views.

Periodic satisfaction surveys play an important role in setting development and improvement goals regarding dealers and customers. As part of this understanding, the satisfaction of the dealers from their affiliated Group companies is being monitored. Dealer Satisfaction Survey, ninth of which was carried out in 2012, covers the

7

Number of Companies
Listed in ISE Corporate
Governance Index

98.1%

Overall Appreciation
Level for Tüpraş in 2012



6,250 dealers operating in 81 provinces of Turkey. Just like customer satisfaction, the improvement goals set for dealer satisfaction are reflected on the performance goals of the companies' management.

The results of the Customer Satisfaction Survey, held regularly since 2003, show the importance Koç Holding attaches to customer satisfaction. Covering 21 different sectors, the project is the widest scoped, final consumer survey conducted face-to-face. 29 brands owned by 12 Koç Group companies as well as 132 competitor brands are included in the survey. The results of the survey held through approximately 46,100 face-to-face interviews in 51 provinces best representing Turkey's demographics are shared with the senior and mid-managers of Koç Holding and Group companies and are included in the performance goals of the managers.

Announced as the "Most appreciated fuel company in Turkey" for 6 years in a row on the Turkish Customer Satisfaction Index, **Opet**, has won the title for the 7th consecutive year, thereby reinforcing its successful position. Going on at full speed, "Journey to Excellence" customer satisfaction improvement studies were launched to ensure the continuity of the bright success enjoyed thanks to the activities carried out in line with the stakeholders' expectations and active participation of the stakeholders in supervision. The program is constantly supervised by 7,000 ambassadors of perfection, secret customer practices and service development activities.

Group companies undertake various studies for customer satisfaction such as call centre practices, surveys, face to face interviews and secret customer practices.

In the customer satisfaction survey held among 5,164 LPG cylinder customers in 34 provinces, the loyalty score of the **Aygaz** LPG cylinder customers were shown to be 8 points higher than the loyalty index of the sector. The customer satisfaction survey conducted for the auto-gas sector among 3,203 people from 29 provinces in 2012, the loyalty score of the **Aygaz** auto-gas customers turned out to be 9 points higher than the sector loyalty index. Aygaz has been the sector leader since 2003 when the surveys began to be held for the LPG cylinder and auto-gas sectors.

In the customer loyalty index survey held on brand basis in 2012, **Arçelik** brand enjoyed 81% and Beko brand enjoyed 78% performance, hence carrying on with their above the Turkey average performance. In the air conditioner category **Arçelik** maintained an above the sector average position and increased its score to 90, three points higher when compared with the results last year. In the 'LCD/Plasma Television' category, **Arçelik** and Beko enjoyed 85% and 80% customer loyalty respectively. **KoçSistem** boasts a system which functions under the Quality Management System and is accessible from the corporate website to receive customer satisfaction comments/complaints. **KoçSistem** is accredited with an ISO 10002 certificate in this area. In the 2012 Customer Satisfaction Evaluation, **KoçSistem** scored 79 points, which corresponds to a significant improvement when compared with the last year's results.

The overall appreciation level for **Tüpraş** in 2012 was 98.1%.

Around 10 thousand employees, a number close to 75% of all the employees, participated in the Internal Customer survey held by **Yapı Kredi** in the final period of the year resulting in approximately 50,000 evaluations.

As part of the "A Day in a Branch" activity organized on 11 December 2012, the executives working at the bank HQ visited 110 branches. The issues highlighted in over 1,100 feedback received were determined as well as the rates of development.

Koç Holding is in active communication with NGOs and public institutions in an effort to develop solutions for social problems. In that context the CSR Coordination Office holds meetings with NGOs, share ideas and experiences at conferences and workshops as well as developing cooperation with them. In 2012, within the scope of the "For My Country" project, Koç Holding launched "No Barriers for My Country" project in cooperation with the UNDP and Alternative Life Association (AY-DER). Koç Holding has continued its cooperation in vocational and technical education with the Ministry of Education since 2006.

A significant initiative to increase the awareness of the press members regarding sustainability issues was also pioneered by Koç Holding in 2012. Koç Holding participated in the establishment of the Work Group of "Sustainability and Social Responsibility in Media" within the scope of the activities of the UNGC Turkey Local Network and launched the "Initiative for the Development of Sustainability and Social Responsibility in Media" in cooperation with Anadolu Efes and Sabancı Holding. 18 press members from 18 national dailies, magazines and TV stations participated in the workshop organized as the first activity of the initiative.

“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

HUMAN RIGHTS AT KOÇ

Koç Group places special importance on the protection of human rights and enhancing the performance in this field through policies and practices in business processes.

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 relations. Unless required due to biological reasons or 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 gender or pregnancy in formulation, practice and termination of employment contracts and its conditions. Gender cannot be a factor in determining a lower wage for the same or equal work.

As Koç Group, we strive to extend the practices that comply with human rights particularly for our employees as well as all our stakeholders in the value-chain we have created. We continuously work to develop this awareness. We expect the Group companies and our suppliers to adopt our approach and sensitivity towards the protection of internationally proclaimed human rights. As a result of our understanding regarding this subject, on no account does Koç Group employ children nor use any forced/compulsory labor practices.

We support the importance we attach to internationally proclaimed human rights and its 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.” As a requirement for this principle, written commitments are obtained from suppliers at

the onset of our business relationship and compliance with this issue is strictly monitored.

Occupational Health and Safety at Koç

One of the most fundamental focus points for Koç Group is the health and safety of our employees who are the keys to our success. Among the key responsibilities are continuous supervision and improvement regarding this subject. With this understanding, Occupational Health and Safety Coordination Board has been established for monitoring occupational health and safety practices, mainstreaming best practices and for revision studies within Koç Group workplaces. The Coordination Board holds regular meetings and evaluates amended regulations, examples of good practices, hazard reports and statistics. All Group companies regularly attend the Coordination Board meetings.

Among the 81 facilities* that are owned by the companies covered by the report, 56 are certified with OHSAS 18001 “Occupational Health and Safety Management System.” As of 2012, 69% of our facilities are certified. (* **Yapı Kredi**’s operational facilities are not included in the calculation scope.)

Besides Occupational Health and Safety Coordination Board, a standalone Occupational Health and Safety Committee is established within each workplace. These committees review company practices through periodical meetings and maintain employee representation in occupational health and safety processes. Risk assessment studies are conducted in order to prevent occupational hazards. In light of the results of such assessments, measures are taken, technology and business conduct are revised and training is provided to employees. These trainings are also provided to contractor employees.

In 2012, 47,360 Group employees and 30,189 contractor employees were respectively given 137,947.50 hours and 67,622.75 hours of Occupational Health and Safety Training, amounting to 205,570.25 hours in total.

Besides these practices, occupational hazard statistics are kept within the Group workplaces and data including the number of lost days, accident frequency and severity is also monitored in comparison with previous years.

Health data required by the legal regulations and health reports indicating the recruit is suitable for the work are requested by all of our companies during the recruitment stage. The provisions of OHS regulations are implemented within the scope of the collective labor agreements signed between the Group companies and labor unions.

Group Companies	Number of Active OHS Committees	Number of Employee Representatives Working in OHS Committees	Total Number of Active OHS Committee Members
ARÇELİK	10	39	160
AYGAZ	11	11	90
FORD OTOSAN	4	5	99
OPET	3	10	45
OTOKAR	1	6	16
OTOKOÇ	22	22	176
TAT	5	14	50
TOFAŞ	9	9	95
TÜPRAŞ	5	13	137
TÜRKTRAKTÖR	1	4	25
YAPI KREDİ	-	-	-
KOÇ IT GROUP	3	3	18

In **Arçelik**, periodical and return-to-work examinations are carried out according to the department and type of work. The employees are provided with polyclinic and emergency services, as well as health care consultancy. Within the reporting period, trainings were also organized for employees regarding waist and neck health, healthy diet, ergonomics, first-aid, negative effects of exposure to occupational and social noise, and other health topics.

In **Aygaz**, periodical vaccinations (i.e. against the flu, Hepatitis B), eye screenings, and porter examinations are available to employees. Private group health insurance at corporate rates is offered to employees, their spouses and children upon request. Employees are also provided with polyclinic services. Occupational health and safety issues are defined within the scope of collective labor agreements entered into with the Türk Metal Union and the Seafarers' Union of Turkey.

In **Ford Otosan**, the rate of periodical medical examinations reached 98.4% in 2012. Female employees, disabled employees and employees working in the paint shop biannually undergo a periodical examination. Besides special examination practices according to type of work and different job definitions, employees are provided with polyclinic services in different branches. Employee satisfaction with emergency, curative and preventive health care services reaches a high rate of 89%. Employees are provided with preventive health services and trainings for suitability of work, ocular health, auditory and respiratory protection, prevention from occupational diseases and accidents, protection against ergonomic and industrial hygiene risks. Approximately 5,000 preventive flu vaccinations, 10,000 periodical examinations, 35,000 polyclinic examinations, 7,000 respiratory and audio tests are carried out annually. Occupational health and safety issues are defined within the scope of collective labor agreement signed between MESS and the Türk Metal Union. Employees and their families receive consultancy services and open public "Healthy Days" seminars are organized quarterly. Furthermore, employees and their families are informed on medical issues through Healthy Days bulletins.

For the Koç Information Technologies Group companies with headquarters in Çamlıca Business Center, periodical examinations are planned and carried out regularly. Furthermore, if the periodical examinations are considered to be lacking at any time throughout the year, such examinations are carried out together with normal sickness examinations. In 2012, a total of 1,281 employees received eye

screenings, 375 employees received audio screenings and examinations by an ENT specialist. Screenings are provided to the campus and subcontractor employees, their visitors as well as their families if such persons are on site. Employees who work in lead base soldering (such as pos devices) are examined quarterly.

Opet employees have all their medical examinations carried out individually through the private health insurance provided to them. Employees who work at facilities and terminals are subject to annual periodical examinations carried out by the company doctor. All employees benefit from private health insurance. The employees who are members of Koç Holding Retirement Pension Foundation can also take advantage of a second health insurance.

With the "Opet Employee Support Hotline" launched in 2012, employees and their immediate family members can have access to information and support with regards to medical and general subjects as well as psychological counseling on a 7/24 basis.

In **Otokar**, all employees are subject to lung x-rays and periodical medical examinations. Blood tests and urinalysis are carried out for employees who work in risky environment. Employees and their families can benefit from Koç Foundation Group Private Health Insurance on request. The collective labor agreement which contains provisions in accordance with legal regulations on OHS is strictly implemented in all workplaces.

Tofaş employees are provided with periodical examinations. For this purpose, not only regular assessments but also blood tests, audiometric controls, respiratory function, liver and kidney enzymes controls are carried out.

Tüpraş employees periodically undergo medical examinations every year. Examinations include hemogram, biochemical analysis, lung x-ray and, if needed, electrocardiogram. Employees in the risk group are given specific blood tests and urinalysis while Operation and Maintenance Department employees are vaccinated against tetanus. Examinations, controls and treatment of sick employees are conducted by the workplace doctors. Furthermore, employee families are provided with laboratory and radiological examination services. Employees participate in trainings on current health issues and (ergonomic, physical, chemical and biological) risks in the work environment. OHS provisions arising from the collective labor agreement concluded with the Turkish Petroleum Chemical Rubber Workers' Union are implemented.

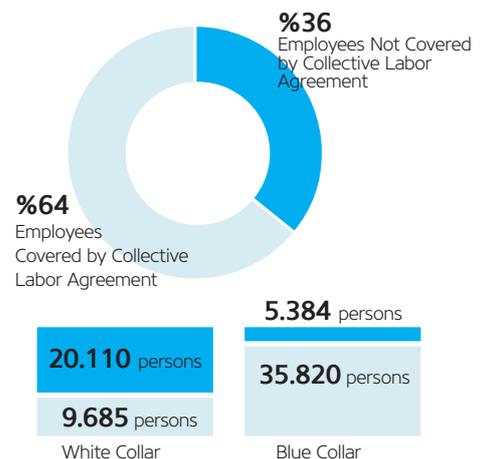
____ Labor Union Rights at Koç

The protection of peace at work is a primary focus for Koç Group. In accordance with the article 23.(4) of the United Nations Universal Declaration of Human Rights and with the 2nd, 3rd and 4th articles of the agreement regarding individuals' right to organize and form unions concluded by the UN in 1948, Koç Group protects the right of individuals to affiliate with a union to the extent such discretion is not in violation of local laws and regulations in the jurisdictions where it operates. Koç Group respects freedom of unionization and collective bargaining of employees.

Collective labor agreements set forth the remuneration levels, different remuneration procedures and the relevant rules of implementation. 45,505 employees who work in workplaces within the reporting scope are union members. In these workplaces, collective labor agreements are concluded following negotiations with the unions (Türk Metal Union, Petrol-İş Union, TekGıda-İş Union, Seafarers' Union of Turkey, Bank and Insurance Workers' Union). Our employees can also be elected for the managing bodies in employee and employer organizations and become members of their professional associations (such as chamber of medicine, bar association, chamber of engineers and architects). Some of our employees contribute to the employment, economy and social life by serving at Provincial Employment Committees, NGOs, Chambers of Commerce and Industry.

Koç Group Companies recognize labor union rights in international investments. Employees of the Arçelik Plant in Romania are included within the scope of a collective labor agreement.

Employees Covered by Collective Labor Agreement



“OUR MOST VALUABLE ASSET IS OUR HUMAN RESOURCES.”

OUR FOUNDER VEHBI KOÇ

WORK ENVIRONMENT AT KOÇ

As Koç Group, we see our human resources as our most valuable asset. We believe that the most important factor for success is bringing together our employees' diverse perspectives and accumulation of knowledge and labor. The continuous improvement of this value is one of the crucial responsibilities of the Group. In this respect, we permanently aim to attract and employ the most skilled and competent workforce in the Group.

The powerful structure of our human resources is supported with Group HR systems. This makes it possible to enhance efficiency and maintain continuous development, motivation and engagement. Thus, Koç Group carries out its activities as a participatory organization where mutual respect and trust prevails and diversity is valued.

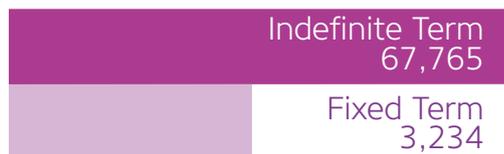
By the end of 2012, 256 senior executives were employed in the Turkey operations of our companies covered in the report. 15 of these senior executives were expats while 241 were Turkish citizens.

In Koç Group companies and the workplaces affiliated with them, there are “Personnel Regulations” encompassing topics such as occupational health and safety, working conditions and social rights. Personnel regulations include provisions in accordance with Koç Group HR policies as well as the characteristics of the sectors Group companies are operating in. The regulations are updated according to the amendments in the law and current requirements.

In the same vein, the Code of Ethics and Business Conduct is established in all Koç Group companies in order to outline the relationship of Group employees with the state, customers, stakeholders, competitors, suppliers, agents, authorized dealers and services. The Code also refers to environmental protection and the United

Employee demographics of the Group companies within the scope of the report for 2012:

Employee Breakdown by Contract



Employee Breakdown by Employment Type



Employee Breakdown by Age



Nations Global Compact. Code of Conduct Boards have been established in all companies so as to audit breaches and ensure compliance.

Minimum Notice Periods

One of our basic principles is to inform our employees reasonably in advance in cases of new assignments, downsizing or workplace shut-downs within the outlines prescribed by law in order to avoid negative impacts of such changes, if any, as much as possible.

Employee Breakdown by Category



Employee Breakdown by Gender



Recruitment

Candidates applying for positions at Koç Group companies are hired through an evaluation of their competence in the areas where all employees are expected to show capability in addition to an assessment of the level of knowledge and experience required by the specific job they are applying for. During the recruitment process and working life, everyone is provided with equal opportunities and all kinds of discrimination are prohibited.

A candidate is fundamentally expected to demonstrate competency with regards to

70,999

Total Number of Employees
in Reporting Companies

5,870

Total Number of Intern
Students

the following nine faculties:

- Direction Setting
- Teamwork
- Communication
- Cooperation
- Result Orientation
- Innovation and Entrepreneurship
- Self-development and Developing Others
- Adaptation and Managing Diversity
- Customer Orientation

— Koç Akademi and Training in Group Companies

One of the principal keys to our success as a group is the importance we attach to continuous improvement. Therefore, we place maximum importance on Group employees' development throughout their work lives. Our employees can benefit from various opportunities for development through processes supported by systematic human resources practices.

Koç Akademi, which is integrated with HR systems, is essential for development. It is a platform for training, development and sharing. While its activities are planned and executed, Group/company/individual requirements are taken into consideration. Koç Akademi also fosters Group leaders' and managers' development in addition to being a platform for personal development.

Development plans for 14,887 employees were prepared by Group companies utilizing the system in 2012. 93% of the 108,209 development tasks, which were linked to these plans, were carried out during the planning cycle.

Areas in which the employees are expected to demonstrate development in the upcoming period are identified through HR systems. Development plans are designed with the guidance and opinions of managers, HR and training departments. Accordingly, employees of all levels are offered opportunities for internal/exter-

nal training and rotation between Group companies. Interviews are carried out to monitor employee development throughout the year and evaluate it at the end of the year. The purpose is to foster personal development in line with organizational development.

— Koç Group Compensation System

As in all issues, a systematic approach is adopted in our compensation policy. Our employees' compensation and benefits are managed through Koç Group Compensation System. They are determined according to the current salary market and competitive and fair policies. The content of work and responsibilities taken are important factors in the determination of compensation. Gender does not have any effect on the compensation levels. The compensation levels of non-union employees are evaluated with a system widely and globally used, which takes into consideration the difficulty of the job being performed, the responsibilities, the level of knowledge and skills used while performing the job.

Thanks to annual salary benchmarking studies, competitive salary levels are sustained within the sources of the company. The salaries and other financial benefits of union member employees are specified in the Collective Labor Agreement signed at the conclusion of collective bargaining conducted with the unions in question bargaining conducted with relevant unions..

Although minimum wage that is in effect in our country is taken into consideration, Koç Group companies determine their employees' wages above the minimum wage level. A bonus and benefit package that is equal to four month's salary is paid to employees on a monthly basis in addition to their gross salary. Together with the bonus and benefit package, monthly wage is approximately

48% higher than the minimum wage.

For 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 Besides these practices, there are job categories in most of our workplaces, established according to employee's level of knowledge, training, experience and the risk undertaken while performing the job. The categories are determined by regulations or collective labor agreements. They display a wage structure that reflects the market reference point and the specific conditions each job entails. In addition, employees are paid supplementary benefits such as management and performance bonuses, sales premiums and incentive premiums depending on their job categories and success. All these practices cause a great deal of difference in the real wage structure from the minimum wage.

In most Group workplaces, the salary paid to new recruits is different from the minimum wage as required by collective labor agreements. There are initial pay scales in many of our workplaces, and real wages paid by Group companies differ significantly from the minimum wage, considering the effect of bonuses and benefit packages.

Koç Holding is one of the few Turkish companies linking compensation of top executives with sustainable financial and operational performance. Large proportion of the compensation of Group's top executives, consisting of salaries and bonuses, relies on the factor of performance. The level of performance is measured by the "Balanced Scorecard" method. Profitability and business results are highly important factors in the scorecards. Bonuses of our top executives are calculated in accordance with the target bonus, company performance and individual performance.

433,647

Number of Employee
Suggestions Received in
2012

341,672

Number of
Suggestions Implemented

The performance management system is a tool to evaluate our employees in the most objective manner in line with our common objectives. The main target of the system is enhancing levels of performance. All the white-collar employees working for Koç Group companies are subject to annual performance evaluation. 2,900 mid-level managers and 300 top executives received performance evaluation in 2012.

Score of "appreciation" in the performance management system involves social, environmental and ethical evaluations of the employee's performance, and is taken into consideration by the employee's first level manager.

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

Employee Engagement Survey

The General Engagement Score of Koç Group equals 39% as indicated by the Employee Engagement Survey carried out since 2011. In the scope of this study, 47,074 questionnaires were filled out and the ratio of completing the questionnaires was 83%. Compared to previous periods, we can note down that the number of questionnaires completed increased.

Suggestion Systems

One of the major factors in continuous development is employee feedbacks. We consider our employees' views to be one of the most important drivers for continuous improvement in our business processes as a Group. Suggestion systems are effectively used for receiving our employees' opinions, suggestions and demands. Employee suggestions are assessed pursuant to relevant procedures. Employees

who suggest successful proposals are evaluated and rewarded according to the criteria specified in the procedures.

In 2012, 433,647 suggestions were received from employees working at Group companies, and 341,672 of them were put into practice.

90% of all the suggestions received by Group companies in 2012 came from **Tofaş** employees. The suggestion system adopted by Tofaş in 1993 aims to facilitate employees' participation in developmental efforts and extend the culture of improvement.

Leader Development Programs

The fundamental goal of the program is to generate and maintain a common management and leadership culture at Koç Group. Besides, the program enriched by the attendance of Group companies' executives, creates a learning and cooperation environment through sharing of knowledge and experience. 5,124 managers have attended the scheduled programs since its outset in 2003, 432 of them took part in 2012.

Most Successful Koç Employees

The Most Successful Koç Employees Rewarding System is a recognition system that encourages Koç Group employees to develop their competencies. The system has been in practice since 2003. A total of 48 companies and 621 projects have been nominated while 546 employees have been rewarded.

The system is conducted under the 5 categories of Cooperation, Creative Innovations, Customer Satisfaction, Making a Difference and Adding Value to Life. The purpose of the rewarding system is to enhance employee loyalty, motivation and productivity throughout the Group,

to make a contribution towards learning organizations, and to discover and promote the best practices in the Group in this regard.

Koç Ailem (My Family) Program

With Koç Ailem (My Family) Program, Koç Group employees can benefit from advantages with regards to the goods and services Group companies provide as well as extra advantages through periodical campaigns. Moreover, Koç Ailem (My Family) Program spreads social activities and social responsibility projects in order to enhance the awareness of being a Group employee.

By the end of 2012, the program had a total of nearly 89,000 members.

Koç Holding Retirement Pension Foundation

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

Members contribute a monthly sum from their gross salary to the foundation while their companies also make an equal supplementary payment. The sums derived from the members and companies are invested and augmented in the financial markets, providing the foundation members peace and comfort during their retirement. As of the end of 2012, Koç Holding Retirement Pension Foundation had 52,318 active and 268 retired members.

• Tüpraş İzmir Refinery Employees



The projects which were awarded the top prizes at the Most Successful Koç Employees Rewarding System in 2012:

	White-collar	Blue-collar
Making a Difference	Yapı Kredi Bank Cancellation of the Cost of Authorized Signatory List for Discharging of Mortgage	Otokar Increasing Efficiency by Assembly Line Balancing
Creative Innovations	Arçelik The Sirius Project	TOFAŞ Low-cost Automation Systems for Assembly Lines
Customer Satisfaction	Arçelik The Most Silent Refrigerator of the World Project	Otokar Power Steering Oil Tank
Cooperation	TürkTraktör- Otokar The Adapazarı Project	Ford Otosan Artists of the Industry
Adding Value to Life	Tüpraş April 23 Children's Festival in Batman	Aygaz "Goods for Everyone"

Yapı Kredi supports secondary financial guarantees for its employees at retirement and has been contributing to Group Retirement Plan since 2006. At the end of 2012, 10,471 persons amounting to 70% of the bank's workforce were taking advantage of 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

As Koç Group companies, we pay utmost attention to programs that maintain a healthy balance between employees' professional and personal life balance. Thus, HR departments of the Group companies promote practices based on contemporary human resources policies. 45 hour work week system is in effect at Koç Group workplaces within the boundaries determined by legal regulations. In addition to these practices, employees are given the opportunity to have annual paid leaves for longer durations than the ones foreseen in legal regulations.

Employee Volunteerism

Social responsibility projects and other social activities carried out by Koç Group companies rely mainly on employee volunteerism. Our employees help to realize these activities in the fields of education, arts, sports and others. We believe that the positive impact of such projects implemented on a voluntary basis is immeasurable.

In the general framework, Group companies jointly participate in such volunteer projects as "Vocational Education: A Crucial Matter for the Nation", "No Barriers For My Country" and "Koç Sports Festival".

In 2012, **Arçelik** employees continued to work for their White Fish Playroom Project, with the idea of aiding children under medical treatment. The purpose of the project is to build a playroom in every hospital where one is missing. As a result, a playroom and a library were opened in the children's ward of Süreyyapaşa Hospital in December 2012. The painting studio team of **Arçelik** Corp. Çayırova also painted all the walls of the

children's polyclinic with cartoon characters. The financial resources needed to open the rooms were obtained via the sales of old stocks to employees at special prices.

"My Social Activity Club" at **Aygaz** is not affiliated with any directorships or departments of the company, and pursues its activities merely on the basis of employee volunteerism. The club aims to organize out-of-office activities such as excursions, tournaments, culture and art events so that colleagues working together on a daily basis can meet to unwind, and the environment of motivation, solidarity and internal communication can flourish at the company. The club facilitated employee participation in workshops, promotional activities, theater plays and concerts in 2012.

The **Aygaz-Opet** Turkish Music Choir was initiated in 2004. Set out to bring together those employees who are keen on Classical Turkish Music and to create opportunities for them to engage in their hobbies, the choir continued its activities in 2012.

Shift workers from the VBK line of **Ford Otosan** Body Shop Area Management purchased and planted 300 walnut tree saplings in Kandıra Develi Village for the jointly realized project with Tema Foundation. Disabled employees working at Ford Otosan performed the play "Ferhad and Şirin" thrice; once at VKV Cultural Center, once at Eskişehir University and once at Ankara Büyük Anadolu Hotel with the support of Türk Metal Union in the framework of the International Day of Persons with Disabilities on 3 December 2012.

In 2012 the total number of the participants in the organizations held by the Group Companies is as follows:

20,209

Voluntary Employees

3,068

Voluntary Participants

23,277

Total Number of Participants

Koç Information Technologies Group employees participated in the "Green Talks" series organized by the Green Information Platform. Two seminars on environmental problems were held, which were attended by WWF Director General and Türçek Vice Chairman. Besides, Koç Information Technologies Group employees were given an industrial psychologist-led relaxation practices, named "30 minutes break". Thanks to employees' voluntary participation, diverse activities took place in social clubs such as scuba-diving, sailing and photography clubs during the year.

Opet went on working within the framework of its on-going Turkey-wide social responsibility projects such as the Clean Toilet Campaign, Exemplary Village Project, Green Road Project and Respect for History Project, all of which are based on voluntary participation of employees. Also the social activity clubs of Opet continued to pursue their activities based on voluntary participation in the reporting period.

Otokar employees became volunteer teachers to teach in "No Disabilities For My Country" Project. Employees organized a voluntary campaign and the funds raised were used to obtain wheelchairs and hearing aids for those in need with the help of the Association for the Handicapped in Adapazarı.

285 people working at **Tofaş** joined the corporate culture clubs of the corporation in 2012. There are 5 clubs based on the themes of customer-orientation, innovation, cooperation, business partnership and employee development in Tofaş.

TürkTraktör employees participated in the "kaizen" system, which aims to reduce and nullify losses regarding equipment, labor, materials and energy usage via continuous improvements. In TürkTraktör, there are "Solution Teams" made up of

volunteer employees. These teams strive for continuous improvement in their operating fields. In a similar vein, ISIG volunteers support projects related to the aforementioned issues by identifying the occupational safety shortcomings and accidents.

Within the scope of **Yapı Kredi** Volunteers Platform, eight departments either developed new projects or continued to work on the existing ones in 2012. By the end of 2012, 693 **Yapı Kredi** employees were voluntarily participating in the projects of Yapı Kredi Volunteers Platform.

Yapı Kredi employees also strive to aid many students and schools in need via various campaigns they organize during the New Year. Employees who participated in Yapı Kredi Academy Leadership Development Program raised funds to compensate for the renovation costs of two schools thanks to the charity bazaar they organized of their own accord.

In 2012, 130 **Yapı Kredi** employees served in "Read, Think, Share" leadership development project on a voluntary basis.

_____ Koç Employees and Sports

Koç Group considers it important to encourage employees to engage in sports by organizing activities and facilitating participation in social clubs. Besides the social clubs and sportive opportunities offered to employees by all Group companies, Koç Holding conducts sports festivals in order to contribute to the physical and mental development of the employees, to help them use the spare time effectively and to improve the Group's image by bringing Group companies and their employees together.

The Sports Festival initiated in 1989, has taken place every May-June since then, and was organized in five regions (İstanbul, Ankara, Bursa, İzmir and Adana) in

2012. 3,600 amateur sportsmen participated in the competitions in the branches of football, veteran football, basketball, volleyball, table tennis, tennis, chess, swimming, athletics, bowling and sailing.

After five weeks of competitions, cups and medals are presented to the winners in the ceremonies held with the participation of the senior executives of Koç Group. Top three teams receive their awards as well as the teams that are granted the Fair Play Award in their respective branches.

In 2012, Koç Group Sports Club Association was established and set out to work in order to improve the social and sportive opportunities offered to our employees. Sports activities, courses and trainings were organized for our employees and their family members. Despite the short duration of its existence, the association held 11 different sportive and cultural activities which were attended by 484 employees and their family members.

In **Aygaz** Headquarters, there is a fully equipped fitness center for employees. There are facilities where employees can play football, volleyball, table tennis and so forth in locations outside the headquarters.

Ford Otosan employees have access to the fitness center at Vehbi Koç Foundation Cultural and Social Life Center, and they also take part in diverse sports activities such as team sports activities and outdoor trainings.

In Çamlıca Business Center, where the companies of **Koç Information Technologies Group** reside, there is a gym available to be used for free by employees. In 2012, the Group's employees participated in the Eurasia Marathon. Social clubs for sailing, diving and similar sports offer trainings to employees all year long.

- Bayram Kuytan at the top of Kilimanjaro



Within the body of **Opet**, there are basketball, swimming, tennis, sailing, volleyball, football, bowling, outdoor and extreme sports teams, all of which continued their trainings during the reporting period.

Otokar offers all its employees sports facilities such as basketball courts, football pitches, gyms and tennis courts. Volleyball, football, basketball, bowling and athletics competitions are held throughout the year. The employees training at the tennis, scuba diving, skiing and sailing clubs are encouraged to engage in sports in their social lives outside the company as well.

In **Tofaş**, employees can use the fitness room, basketball and volleyball courts that belong to Tofaş Sports Club. There are 2 tennis courts and 1 outdoor basketball court in the social facilities. In various locations at workshops, table tennis equipment is available to be used by employees at all times. There is also a fitness center in the Istanbul facility.

Social clubs organize tournaments in tennis, backgammon, mini golf, table tennis, bowling, table football, go-kart, darts, chess, athletics, volleyball, basketball and football. In 2012, over 1,000 employees participated in the Interdepartmental Football Tournament and Interdepartmental Bowling Tournament. Sports Club opens swimming, basketball, football summer schools for employees' children, hence, providing sports opportunities for children as well. Approximately 30,000 persons attended the schools in 2012.

Tüpraş considers it an objective to contribute to its employees' physical and mental health, and foster team spirit by bringing colleagues together. All Tüpraş refineries have fitness centers and swimming pools. There are also indoor sports facilities, basketball and tennis courts, astro turf football pitches, jogging tracks

and squash facilities in some refineries.

Tournaments in diverse branches are organized in refineries all year long in order to sustain employee participation. In addition to all these, **Tüpraş** Social Activities Clubs (SAC), focusing on branches and themes such as sailing, underwater, search & rescue, travel & gourmet, carried on with its activities in 2012 too.

The traditional **TürkTraktor** Sports Festival conducted in 16 branches has taken place for the last 10 years. Company employees are very keen on the festival; hence, 75.6% of the company workforce (1,756 employees) participated in the fest in 2012. Special festival magazine "Centilmen (Fair Player)" is published with the help of employees during the festival lasting over two months.

At **TürkTraktor**, there is an indoor sports facility, an outdoor football pitch, and resting spaces with pool and table football tables for the use of employees during non-working hours.

Yapı Kredi, promotes its employees' sportive activities through various channels to contribute to their well-being as individuals. There are sports facilities in Yapı Kredi Plaza D Block and the Banking Base in Çayırova and are accessible by all staff.

Yapı Kredi supports its employees through various programs such as the internal sponsorship and the marathon team. Besides, Yapı Kredi Sports Club is an opportunity for employees to try a wide range of sports.

In 2012, Yapı Kredi supported its employees Özlem Pelin Ege, Bayram Kuytan, Özcan Çetinkaya, Ömer Şahin and Mehtin Akbaş, competing individually in the branches of swimming, mountaineering, para-taekwondo and athletics respective-

ly, via the internal sponsorship program.

Within the scope of the internal sponsorship project in 2012:

- Bayram Kuytan climbed the 5,895 metre-high Kilimanjaro, the highest mountain in Africa and one of the seven continental summits of the world.
- Özcan Çetinkaya was awarded the second prize in the Turkey Para-Taekwondo Championship in 2012.
- Özlem Pelin Ege was awarded 2 gold, 3 silver and 2 bronze medals in several swimming competitions she entered.

“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 VEHBİ KOÇ

ENVIRONMENTALLY-FRIENDLY PRACTICES AT KOÇ

Koç Holding regards increasing society's quality of life as its duty. This duty is defined by the products and services provided as well as the way of doing business. A fundamental responsibility of the business world today is to develop effective solutions that meet the needs of the society while also reducing the environmental impact caused by production processes and consumption of products and services. No matter how hard the conditions, Koç Holding believes that we hold the key to resolve the problem. We strive to turn expectations into opportunities through our determination to create innovative solutions. As a result of this approach, we have brought environmental sensitivity to the foreground and take part in joint initiatives with public agencies, professional organizations, NGOs and all other parties, both local and international, for the sake of promoting our environmental sensitivity in the business world and society at large.

Environmental Management

The strategies and policies established at Group level account for the main framework of Koç Holding's environmental management. All the companies affiliated with Koç Holding implement environmental management in a similar approach. The main principles pursued for that purpose are stated on the Koç Group Environmental Vision and Mission, Koç Group Environmental Policy, and Koç Group Climate Change Strategy documents. 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. Operating in many different sectors with different characters, Group companies

also develop their environmental policies and strategies further taking the expectations and needs of their sectors into account.

The environmental management activities undertaken by Koç Holding and Group Companies cover three main areas.

Consequently, all Group Companies:

- 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 their 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 organization of environmental management starts with Koç Holding and extends to the operational centers of the Group companies. Various bodies have been established at Group level in an effort to ensure the guidance and administration of this large organization according to a participatory approach. The highest decision making body of environmental management is "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.

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 Group thanks to sharing 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, 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 units responsible for environmental management include ensuring prompt compliance with the changing management systems along with legal regulations with a view to minimizing the environmental impact stemming from company operations.

Widely recognized system standards are used to establish the environmental

66

Number of Facilities
with ISO 14001
certification

TL
248.5
MILLION

Expenditure and Investment
Amount Ensuring Reduction
in Environmental Impact

369.8
THOUSAND TONS

Greenhouse Gas
Reduction

management structures of the Group companies. Period external audits ensure the reliability of the system. ISO 14001 System Standard is a widely used methodology by the Group companies. Out of the 81 facilities owned by the Group companies, 66 operate with ISO 14001 certification and the scope of certification in 2012 was 82%.

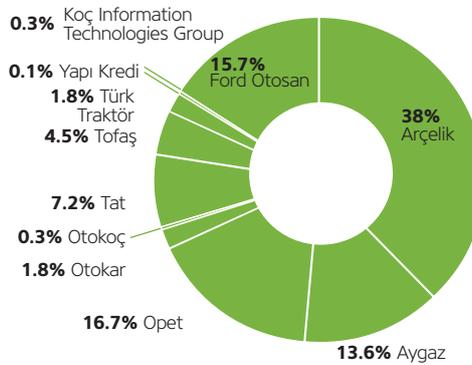
The operations of all the related Koç Group Companies are in line with the EU REACH Regulation and those companies work on projects to ensure that their suppliers also show the same compliance with the regulation. Apart from that, the Group companies comply with many local and international standards regulating labeling practices and environmental impact levels of their products.

Environmental Management and Investment Expenditures

Koç Group companies allocate significant amounts of financial resources for environmental management annually in an effort to realize the goals set for further improvements. Operational, administrative studies and trainings account for a portion of those environmental expenditures while the larger remaining portion goes to investments and R&D activities for product and process development. A significant part of the 506 million TL spent on R&D activities in 2012 was used on studies to reduce the environmental impact of the products.

Koç Group companies spent TL 248.5 million on environmental protection in total. TL 42.3 million of that went to operational and administrative costs while the environmental investments account for the remaining TL 206.2 million. 85.4% of the total environmental expenditure and investments in 2012, over TL 212 million, was made by **Tüpraş** alone.

Koç Group Companies 2012 Environmental Expenditures and Investment Ratios (Tüpraş values are not covered here)



Climate Change and Emission Management

The issue of climate change continued to be an important item on the agenda of the business world in 2012. The efforts to develop further measures to protect the climate gained impetus in 2012 at the Rio+20 UN Conference on Sustainable Development held in Rio de Janeiro on 22 – 24 June. This was the most significant international meeting organized in 2012 on this subject. The conference discussed the feasible solutions for the public and private sectors in their transformation to the green economy and best practices from various countries were shared as examples. Arçelik Kaktüs Dishwasher and Ford Otosan Kocaeli Plant Environmentally Friendly Automotive Production Project were selected among the 10 private sector practices to represent Turkey at the Rio+20 Conference in cooperation with the joint studies of Turkish Ministry of Development, UNDP and the Business Council for Sustainable Development Association of Turkey. Moreover, Levent Çakıroğlu, Koç Holding Durable Goods Group President and Arçelik CEO, represented Turkey this year in Doha and last year in Durban World Climate Sub-

mit as the term spokesperson for the Turkish Climate Change Leaders' Group. Koç Holding not only views the problem of climate change as a threat to natural life but also as a grave risk capable of severely impacting our social and economic lives. Thus studies undertaken to combat climate change are regarded as an important and essential investment. Group Companies conduct studies for calculating and reducing GHG emission in line with the Koç Group Climate Change Strategy and 2020 GHG Strategic Plan. Launched in 2011, the studies to calculate and certify the GHG emissions in line with the ISO 14064-1 are underway. TürkTraktör was also included among the Group companies getting validation for its GHG calculations in 2012. As a result of the improvement studies completed in 2012, the GHG emission of the Group companies was reduced by 369.8 thousand tons of CO₂e. The aforementioned reduction is by approximately 21.2 thousand tons of CO₂e over the GHG emission achieved in 2011 and the total sum of GHG emission reduction achieved since 2009 has gone over 1.7 million tons of CO₂e.

In 2012, **Arçelik** successfully reduced its GHG emission by 10,761 tons of CO₂e as a result of 134 energy efficiency projects focused on various areas such as the development of production processes, lighting, development of compressed air and air-conditioning systems, electric motor and combustion system revisions. 9,113 tons of CO₂e direct GHG emission and 1,647 tons of CO₂e indirect GHG emissions have been reduced by these efficiency projects.

Thanks to the studies completed at **Ford Otosan** plants, annually 4,860 tons of CO₂e GHG emission was prevented. The armature changes introduced in the body production areas of Kocaeli Plant during the year resulted in 1,032 tons of CO₂e reduction, which also proved to be the study with the

5.44

MILLION GJ

Total Energy Saved

31.5%

Percentage of Recycled
Water in Total Water Usage

highest amount of GHG emission reduction. The efficiency levels reached with the inverter practices implemented by **Opet** at its terminals led to 274.83 tons of CO₂e reduction in GHG emission in 2012. The infrastructure innovations introduced by **Otokar** in the same period reduced the GHG emission stemming from information systems by 75%.

Within the framework of WCM Energy Management Methodology, **Tofaş** realized 210 efficiency projects in 2012 and reduced its GHG emission by 3,171 tons of CO₂e.

Tüpraş achieved over 340 thousand tons of CO₂e reduction in GHG emission thanks to the 97 efficiency projects implemented at its 4 different refineries in 2012. The two projects resulting in the highest levels of GHG emission reduction were the thermal insulation improvements completed at Kırıkkale Refinery, which achieved an annual 6,973 tons of CO₂e reduction, and the stepless load control systems for reciprocating compressors completed at İzmit Refinery, which achieved annual 5,484 tons of CO₂e reduction.

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_x, NO_x, 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 Environ-

ment and Urban Planning Directorates. As a result of these measurements and evaluations conducted in 2012, it was observed that, the 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, Tüpraş reduces air emissions significantly thanks to using natural gas as refinery fuel, implementation of practices for enhancing energy efficiency, preferring low NO_x burners on combustion systems/ and floating roof practices focused on reducing VOC emissions from the fuel tanks as well as the leak prevention systems. The fundamental practice of Tüpraş ensuring reduction in air emissions is the Flare Gas Recovery System, which has been active in İzmit Refinery since 2010. Studies are underway to make the system available for the other refineries too.

Efficiency at Koç

Efficiency studies play an important role in enhancing the corporate sustainability performance due to the cost and environmental impact reduction advantages they provide. In line with the Koç Group Environmental Policy and Vision, the Group companies conduct efficiency studies and joint projects focused on energy efficiency, resource consumption, waste management, recovery and recycling.

In 2012 Koç Group companies reduced their energy needs by 5.44 million GJ as a result of the efficiency projects they carried out. Diversification studies completed on the energy portfolio increased the direct and indirect renewable energy consumption by 47% when compared with 2011. This way the companies meet their energy needs while reducing their GHG emissions. The amount of GHG emission reduced through the im-

plementation of energy efficiency projects reached 369.8 thousand tons of CO₂e.

Reduction Achieved in Energy Consumption (million GJ)

2008	1.69
2009	2.30
2010	3.35
2011	3.37
2012	5.44

Reduction in Indirect Energy Consumption

A portion of the indirect energy consumed is due to the energy purchased for the Group companies' operations while business trips, personnel commuting and processes outside the companies account for other aspects of indirect energy consumption. Koç Group companies reduce the need for business trips by using online meeting options and strive to enhance efficiency in personnel shuttles through route and vehicle optimizations.

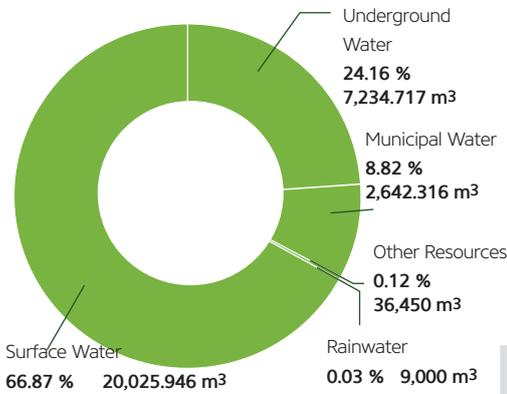
Otokar has managed to keep improving its performance in personnel commuting for the last 4 years and in 2012, despite the increase in the number of employees using the personnel shuttles, reduced energy consumption along with reducing CO₂e by 139 tons.

Clean water is one of the most important resources used in the operations of Koç Group companies. The efficient use of clean water resources, which has become even more important than ever because of the increase in population and climate change, is the common goal of all the Group companies. 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.

Arçelik Ankara Factory



Total Water Withdrawal by Source:



In 2012, the Group Companies consumed 29.95 million m³ of fresh water. In the same period, thanks to the studies for recovering and reusing water, 13.8 million m³ of water was used for production again; hence 31.5% of the need for water was met from recovered water.

Waste Water Disposal

Koc Group companies aim to recycle waste water in production. The waste water which cannot be recovered undergoes chemical and biological treatment processes depending on their pollution values. Once it has attained 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 biodiversity properties, the quality parameters of the waste water discharged are monitored and improved. In 2012, 19.6 million m³ of waste water arising from the operations of the Group companies was processed by the waste water treatment units and discharged after ensuring its compliance with the suitable standards.

Koç Group Environmental Policy stipulates that the Group companies should 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. 93.7% of the 264 thousand tons of hazardous and non-hazardous waste was recycled in 2012 by our Group companies.

Koç Group Recycling Project

Launched in 2010, the Koç Group Recycling Project aims to create an awareness of recycling among the employees, ensure the establishment of a common standard for the recycling of paper, glass, metal and plastic wastes and increase the total sum of the waste collected. The project went on during the reporting period too.

As part of the project, the Group companies collected 2,188 tons of paper, 501 tons of plastic, 806 tons of metal and 106 tons of glass waste for recycling.

Efficiency Practices of Group Companies

Thanks to the efficiency studies completed in 2012, **Arçelik** saved 90,463 GJ energy in total. 17.1 million kWh of which was caused by electricity reduction. The water consumption values per the production quantities were reduced by 15.4% at the Cooking Appliances Plant, 17.5% at the Electric Motors Plant, 2% at the Tumble Dryer Plant, 3.4% at the Dishwasher Plant and by 22% at the Electronics Plant. The water consumption reduction and water reduction projects realized at the Arçelik plants resulted in saving over 110,000 m³ of water in total.

The waste reduction studies conducted by

Arçelik during the year led to 7% reduction in the sludge coming from the wastewater treatment plant, 32% in waste oil as well as recovering the wet enameling on the white priming tanks by 50%. Waste oil quantity has been reduced by 12% in Electric Motors and Tumble Dryer Plant. The dangerous waste quantity has been reduced by 10% per production in Dishwasher Plant and by 5% per production in Electronics Plant. The waste amount per product produced at the Washing Machine Plant turned out to be 4% below the amount goal set for 2012.

Aygaz Diyarbakır Filling Facility reduced the LPG consumption sum by 25.13% over 2011 thanks to the recovery practices implemented on the steam lines and heating systems. Eskişehir Filling Facility saved 24,000 kWh on energy annually by changing its air compressors and saved another 70,000 kWh on energy by replacing the lighting fittings with LED products. In addition, over 240,000 kWh of energy consumption was prevented at Gebze Facility by monitoring the measurements taken. Improvement studies led to a reduction of the paint mud at Aliağa Filling Facility, Samsung Filling Facility and Yarımca Filling Facility by 20%, 44% and 37% respectively.

In 2012 **Ford Otosan** Kocaeli Plant saved over 8.2 million kWh on energy through 16 efficiency projects completed including practices such as improvement of the lighting fittings, use of pads on the press lines and introduction of motor drivers on the cooling towers. İnönü Plant reduced its energy consumption by over 1.1 million kWh thanks to the modifications of the lighting fittings and reduction of the compressor air intake heat during the year. Ford Otosan İnönü Plant achieved 21.5% reduction in grinding sludge while Kocaeli Plant saved 413.3 tons on raw materials and 452.9 tons on waste thanks to the waste reduc-



tion studies such as raw material consumption and material design during the year.

In 2012 **Opet** recovered the waster water at its terminals by up to 50.5% and used it in pig operations, field washing and as fire prevention water reserve. Meanwhile the pools established collected 8,000 m³ of rain water.

In 2012 **Otokar** saved 515 thousand kWh on energy annually by the studies to revise the lighting fittings and established real time control of the hot water and reduction of the loss in energy transfer. Coupled with the other practices implemented, the total amount of energy saved reached 2,150 GJ. Meanwhile **Otokar** also saved 2,900 m³ of water by using the rainwater collected in the sealing tests held after the welding on the tanker production line.

In 2012 **Tat** Mustafakemalpaşa Plant saved 67,860 kWh on energy thanks to the studies completed on the shelling lines, catch-up line and cold storage. The transparent roof practice introduced to benefit from the daylight in lighting also saved 4,560 kWh on energy. In 2012 **Tüpraş** implemented 97 energy efficiency projects at its 4 refineries, which resulted in saving 5.3 million GJ of energy. In 2012 **Tofaş** executed 210 energy efficiency projects achieving 8,800,000 kWh in energy efficiency. The projects standing out

Number of Saplings Planted

2008	1,194,020
2009	65,000
2010	42,747
2011	89,140
2012	50,043



Biodiversity and Environmental Development Projects

Koç Group companies conduct risk assessment studies, take precautions against these risks, measure and monitor their environmental impact in a multi-dimensional fashion in an effort to avoid having any negative impact on the natural sites located on or near their operational sites as well as to preventing any negative impact on the living organisms inhabiting those sites. 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 Gölcük Plant site, which is on a bird migration route, has a biodiversity value and is under therefore protection by the company. An 8.6-acre plot created on a nearby site as a result of a settling that occurred after an earthquake has been rehabilitated through reforestation in cooperation with the TEMA Foundation.

Maintained within the framework of the sustainability performance system and the environmental management policy, reforestation practices have become

traditional for Koç Group companies.

Apart from the annual studies conducted by the Group companies, we strive to keep the sensitivity of our companies regarding matter alive through the periodically organized reforestation campaigns held at the Group level. Tema Foundation cooperates as a project partner in the reforestation studies conducted on both Group and company levels. Annually thousands of saplings are planted thanks to the projects realized in an effort to start new forests or to rehabilitate the damaged forest lands. In this context 55,043 saplings were planted in 2012 by the Group companies, as a result of which the total number of trees planted in the nature reached over 1.4 million.

In 2012 **Arçelik** Cooking Appliances Plant, in an effort to increase the production of Bolu Mountain Nuts facing extinction because of germination difficulties, planted 100 Bolu Mountain Nut trees on a protected land of 4.1 km² located on the plant site. Additionally, 8 bulbous plant taxons regarded as a rare or local plant for the region were taken under protection and grown in a controlled setting.

As part of the Green Road Project conducted since 2004, **Opet** planted 22,133 saplings in 2012. As a result, 525,250 plants have been grown at 648 stations so far thanks to the Green Road Project.

- Otokar Production Plants



among those include paint drying ovens flue gas heat recovery, lighting automation for the production areas, automation projects making fixed energy consumption depend on production, systems preventing pressure air leaks and consuming pressure air depending on production as well as projects preventing heat leakages. Meanwhile the use of solvent was reduced by 100 tons thanks to improvements such as the introduction of the solvent-free robot cleaning solution in paint processes, electrostatic practices in water-based paint and One-Bell paint technology.

Operational Entry and Decommissioning Practices

Koç Group companies pursue pre determined procedures during the process for opening or decommissioning operational sites. Many companies guide those practices through check lists. The main principles for all the Group companies are to refrain from causing any negative impact on the existing environmental, social and economic value during the opening of an operational site; and when the time comes to exit an operational site, to go beyond preventing the decommissioning studies from having any environmental impact and to leave the site after restoring the natural features to its original state.

In addition to the environmental impact, social and economic impacts are taken into consideration too during the operational entry and decommissioning processes and an effort is made to eliminate any negative ones. The type of the practices to be implemented depends on the nature of the sector.

Environmentally Friendly Products at Koç

Koç Group companies conduct R&D and investment studies in line with their goals to reduce the environmental impact in the overall of the product life-cycles. The main aim of those studies is to provide more environmentally friendly product and service options for consumers as well as supporting the development of responsible buying behaviours in them. The development of environmentally friendly products and services boost the competitive power of Koç Group companies while reducing the consumption related environmental impacts. For instance, our consumers saved 1.06 million GJ of energy by preferring the environmentally friendly products and services offered by **Arçelik, Aygaz and Koç Information Technologies Group** in 2012.

Arçelik spared TL 24.4 million budget in 2012 for its R&D studies reducing the environmental impact of its products and kept spearheading for innovations in its sector. In 2012, consumers saved 424,676 GJ of energy in total by opting for Arçelik products. The studies performed in the image processing technologies in 2012 enabled Arçelik to reach A+ Energy class in television set production. The production ratios for the A+, A and B energy class products increased to 52% and the products in D or lower energy classes were completely eliminated from the portfolio. As a result, although the total production amount went up by 21%, the energy consumption caused by the use of the products remained the same level as the last year.

Due to the improvement studies made, the amount of the metal material used in the products decreased by 26 tons when compared with the last year. The product portfolio transformation from LCD TV technology to LED TV technology saves up to 50% on power consumption when the products are in the on mode. In addition to that, the use of mercury was

reduced by 5.1 kg thanks to the increase in the production of TVs with LED technology in 2012.

In 2012 50" products were launched for the first time in A+ energy class. The product features LED technology, does not include any mercury and saves 23.5% on mercury when compared with an A energy class product.

1.5 years before the deadlines stated in the eco-design regulation regarding television sets, Arçelik enabled consumers to save 50% on energy by reducing energy consumption in stand-by mode from 1 W to 0.5 W on the television sets it produced in 2012. The stand-by mode annual power consumption saved therefore 30% on energy when compared with the previous year on the basis of the total sum of products produced in 2012.

The mechanical design studies performed during the year refined the front framework of the new models with the same screen sizes by 40%, reduced the front framework by up to 30% and the back lid weight by up to 22%, thereby achieving a significant decrease in the consumption of plastic raw material. Thanks to the design studies completed, the packaging materials were reduced by up to 13% and the weight of the products went down by 1 – 6 kg. Consequently the logistics load was enhanced by 6%, which means a decline in the energy consumption and CO₂ emission related to distribution.

BEKO DSFS 6835 X dishwashers produced in 2012 consume only 0.66 kWh energy in a standard use of 10 people. The model is therefore the dishwasher consuming the least energy in the 45 cm category and is in the A+++ energy class. This category features the Aluminat™ insulation system, which is used for the first time in the world. Instead of bitumen, which includes chemicals taking up a long time to disappear in the nature, the

22,697
PARTICIPANTS
39,115
PERSON X HOURS

Trainings for Company
Employees

33,587
PARTICIPANTS
27,143
PERSON X HOURS

Trainings for Contractors'
Employees

9,115
PARTICIPANTS
10,608
PERSON X HOURS

Trainings for Society in
General

system uses aluminum, which can be recycled approximately 100%. Materials complying with RoHS and PAH regulations are thereby used while energy saving and CO₂ emission prevention is achieved during the implementation processes.

In all of the 60 cm and 45 cm products, innovative technologies such as BLDC motor, Alumination™ technique, automatic door opening and closed fans became widespread, which reduced the energy consumption levels of the product portfolio by an average of 10%.

In 2012 the studies performed on the 8 kg Grundig Best and **Arçelik** Nova Washing Machines resulted in achieving 112 kWh A+++ - 40% energy consumption level. Those products are the only mass produced products among A+++ - 40% energy class products exhibited at the 2012 IFA Fair. Among the washer-dryers with 9 kg capacity, Arçelik products are the ones with the lowest specific water consumption values.

The OIM 25601 X and OIM 25603 X built-in ovens scored a first time together with CSM 67300 GW and CSM 67500 GW solo ovens and reached an energy consumption level of 590 Wh being 40% more efficient than the A class.

Apart from their low energy consumption values, BEKO RBI 2302 F, LBI3002F and BEKO CBI 7701 are the world's most silent refrigerators in their categories.

Launched for the first time in 2009, **Aygaz** Autogas product enables consumers to save on fuel. With its formula developed through the ongoing R&D studies, the product is confirmed by the independent academic institutions to provide consumers using autogas with 2.66% less fuel consumption advantage at a fixed speed of 90 km/h. Apart from the economic performance, the product therefore also ensures

In 2012 Otokar manufactured the very first electric bus in Turkey with zero level exhaust emission. The bus also contributes to the reduction of noise pollution. Otokar has also started the serial production of the busses with Euro 6 emission levels. Starting a similar R&D study, TürkTraktör seeks to upgrade the engines used on the 6 main tractor lines with the Tier III emission level to the Tier IV level.

2012 Environmental Awards

In 2012 Koç Group companies enjoyed the appreciation of various institutions for their environmental practices and won various awards.

Arçelik received the Carbon Disclosure Project (CDP) Turkey 2012 Carbon Disclosure Leader Award while the Kaktüs Dishwasher Project was selected among the best 10 practices to represent Turkey at the Rio+20 UN Conference on Sustainable Development. **Arçelik** was awarded the "Environmentally Friendly Certificate" at the 4th Global Warming Convention organized by the Economy Journalists Association and won the Green Brand Award with Elektribregenz in the contest held by the Austrian Tradesman's Union. Beko DCU8230 tumble dryer was chosen as "Best Buy" and "Energy Saver" while Beko built-in ovens and built-in gas ovens were deemed fit to bear the Energy Saving Trust "EST" label.

The "Environmentally Friendly Automotive Production Project" by **Ford Otosan** was selected among the best practices to represent Turkey in the Rio+20 Conference, and the company was also placed in the "Clean Industry" competition organized by the Ministry of Environment and Urban Planning. In addition to that, **Ford Otosan** received 3 awards in the 3 different categories of the 13th Istanbul Chamber of Industry (İSO) Environment Awards.

Opet Marmara Terminal was selected as the "Cleanest Industrial Facility in Tekirdağ" in the Clean Turkey Contest organized by the Ministry of Environment and Urban Planning while Otokar received the third prize in the 13. Istanbul Chamber of Industry (İSO) Environment Awards Large Scale Enterprise Environmental Management and Social Responsibility Category.

Thanks to the environment management system it implements, **Tofaş** received the first prize in the 2011-2012 Turkey Program of the EU Environment Awards Management Category and managed to rank among the top 10 in the EU European Business Awards for the Environment contest. Tofaş also won the first prize in the University-Industry Cooperation category of the competition organized by the Ministry of Science, Industry and Technology among the R&D Centres.

reduced CO₂ and HC emissions. Thanks to the use of Aygaz products, 626,166 GJ of energy was saved in 2012 in total.

Puma Global Duratorq® engines used by **Ford Otosan** on 200 PS Transit vehicles with Euro 5 emission levels compliance provide a more comfortable and silent

driving experience and performance boost for the users along with the advantage of saving up to 17% percent on fuel as well as Euro 5 level CO₂ emission and 40% less NO_x emission values thanks to the innovations introduced. Manufactured by **Ford Otosan**, Cargo® trucks with Ecotorq® Eu5 engines consume 6% less on fuel



• Tofaş Assembly Line

compared to the vehicles with running on Euro 3 engines and therefore also enjoy less CO₂ emission, 33% less NO_x emission and 5 times less PM emission.

Koç Information Systems Group companies adopt Green IT approach in their infrastructure preferences and therefore provide services and products with reduced energy intensity for their customers when compared with equivalent products. Koç Information Systems Group served its customers while reducing the need for energy by 7,001 GJ in 2012 through practices such as system virtualization, efficient air-conditions and power management.

Manufactured at **Opet** Marmara Terminal, Adblue® provides up to 2% fuel economy on diesel vehicles, hence also reducing CO₂ and SO_x emissions.

Environmental Protection at Koç

Activities aimed at increasing the awareness of its employees, business partners and the various segments of the society constitute a significant portion of the environmentally friendly practices implemented by Koç Group companies. In the context of those studies, educational activities are also prioritized along with the environmental projects developed in diverse areas. The studies conducted to raise environmental awareness in larger mass aim large segments of the society starting with the local community.

Green Building from Rear Window

Launched by **Ford Otosan** in cooperation with the Automotive Industry Exporters Foundation for Education, the Rear Window Project/Arka Pencere Projesi has raised funds to renovate the OİB Technical and Industrial Vocational High School, which is now the very first educational institution and public building to be certified as a green building.

Little Things Renew Nature

In 2012 **Tat Konserve** gave its support for the Little Things Renew Nature project organized by Tetrapak. Within the scope of the project, the awareness of the primary school students for the efficient use of the natural resources, waste parsing and recycling will be raised.

Happy Wastes

Organized by **Tüpraş** İzmir Refinery for the development of waste management and recycling habits among the pre-school and primary school students, their teachers, families and Aliağa community in general, the Happy Wastes Project reached 10,940 people in 2012 through various activities and training studies. 3,270 students received 2,126 hours of training in total. 3.5 tons of packaging waste was collected thanks to the project, which saved 112,000 liters of water, 6,200 liters of petrol and 14,500 kWh of energy along with 60 trees.

Summer Grows Fruits and We Collect the Seeds

Over 80,000 fruit seeds were collected by the **Tüpraş** employees to be grown into seedlings within the scope of the project organized by Tüpraş Social Activity Clubs in cooperation with the TEMA Foundation. Tüpraş İzmit Refinery greenhouse staff also provided 2 million seeds to support the project.

Environmental Photography Contest from TürkTraktör

TürkTraktör organized a photography contest for the children of the employees on 23rd April National Sovereignty and Children's Day in order to raise environmental awareness. The theme of the contest was environment through the eyes of children and the results were announced during the World Environment Week.

Renewable Energy Scholarship from Yapı Kredi

Supporting academic studies in the field apart from funding renewable energy projects, **Yapı Kredi** launched Yapı Kredi Renewable Energy Scholarship in cooperation with Koç University to provide a scholarship for a successful student doing a master's degree on renewable energy. The practice features a comprehensive educational program and covers many issues from legal regulations to renewable energy economy.

“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

ETHICAL VALUES AT KOÇ

As the biggest taxpayer in Turkey, accountability and transparency are crucial values for the Koç Group. For this reason, Koç Group Companies have a steadfast commitment to the laws of the countries they operate in, as well as to the standards required by international trade. All Koç Group Companies deem fulfillment of their legal obligations and maximization of benefit for their stakeholders as a corporate responsibility. In order to carry out this responsibility, an evergreen and efficient control mechanism has been maintained. 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:

- Risk Management Auditing,
- Process Auditing,
- Financial Statements Auditing,
- Regulations and Compliance Auditing,
- Fraud Auditing.

Within these five basic auditing processes, efficiency and sufficiency of internal audit systems are evaluated areas for improvement are identified.

In addition to the audit processes, other processes that are implemented throughout the Koç Group, for the purpose of preventing fraud are:

- Company results are monitored by conducting analytical reviews with the Koç e-Audit software.
- Employees working in the Finance and Accounting departments of the Group

Companies are provided with applications such as the Audit Portal and Koç e-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. These ethical principles are implemented in all business processes and relationships.

In 2012, all audits conducted by Koç Holding and Company Internal Audit Teams included audits related to fraud.

Our major reference in terms of fighting corruption is “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. Implementation of the Code of Conduct and monitoring the process compliance with the code is handled by the Koç Holding Ethical Behavior Board and the Ethical Behavior Boards formed separately in our Companies.

Behavior that is deemed suspicious is 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, where there is any suspicion of corruption, the manager of the concerned department informs the company's General Manager on the situation. The General Manager then immediately informs the

Business Unit Presidency and the Audit Group Presidency that they report to at Koç Holding. The results of the corruption review are conveyed to the concerned senior management.

In the process of researching suspicion of corruption, the following issues are of utmost importance:

- Clarifying the issue 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 in fraud auditing (CFE-Certified Fraud Examiner). Besides, in order for them to possess a globally acknowledged know-how, auditors are supported for their CIA (Certified Internal Auditor) Certification. The Koç Holding Audit Group Presidency currently employs 6 CIA certified auditors.

As a principle, Koç Group does not hold political opinions or form moral/material relationships with political persons or institutions, on the local or international levels. Except for commercial and social responsibility projects, Koç Group Companies do not hold a communication with the public authorities of the countries in which they operate.

——Business Ethics in the Supply Chain

Koç Group acts with respect to human rights that are set in national legislation and international agreements and does not allow their violation. Having the employees in the first place, it works towards extending modern behavior in line with human rights to the suppliers, customers, services, distributors and tries to contribute to the development of this consciousness.



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. The number of active suppliers of the Companies within the reporting scope is 10,364. 8% of these suppliers have been subjected to supply chain audits during the reporting period. The rates of these audits and assessments reached to 96% in Ford Otosan. Although auditing methods differ according to the sector where the company is positioned, as well as the goods and 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 audits. In 2012, contracts of 5 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.

Product Information

Koç Group Companies offer a wide range of products and services to its consumers/customers. 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 larger numbers of consumer groups in different sectors, product notifications are prepared with a scope and diligence far beyond legal obligations. In line with sectorial requirements, all companies deliver their product information to their consumers, via different methods. Differing according to the product types; product contents, usage instructions as well as environmental impacts are included in the product information.

Responsible Advertising and Marketing

Advertising and other marketing communication tools, as well as their proper and correct use, are extremely important for Koç Group Companies. Through brand communication and sponsorship activities based on the 4 integral values of Koç Brand, which are Leadership, Optimism, Solidarity and Value Generation, we aim to enhance the level of social development and awareness as well to upgrade our corporate reputation in parallel to the raised 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 are essentially made up of the following issues:

- Ethical compliance,
- Integrity,
- Social responsibility,
- Truthfulness (not being misleading),
- Advertisements that are legal and in compliance with regulations,
- The ability to prove the accuracy of descriptions, claims or visual depictions, which are used in marketing communications.
- Avoiding detraction, unfair utilization of commercial credit and imitation.
- Respect for individual rights.

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

"I LIVE AND PROSPER WITH MY COUNTRY"

OUR FOUNDER VEHBİ KOÇ

SOCIAL DEVELOPMENT AT KOÇ

Since its foundation, Koç Group has been sensitive to social issues, aiming to increase the quality of life in areas where it operates by working together with public and non-governmental organizations. We boost the lasting benefits of our social responsibility projects designed in a manner that is consistent with the expectations of our stakeholders through the participation of employees, who possess essential knowledge, discipline and equipment. Koç Group sees a solution to each problem and is always a part of the solution. Unity with society, common values and feelings, and leadership in solution of social problems underline Koç Group's sustainable success in business and corporate reputation.

The mission of Koç Group and Companies is to create a happier and more prosperous Turkey for future generations. To this end, resources were allocated for various projects in 2012. In line with our founder Vehbi Koç's words, "I live and prosper with my country," our Group plays an active role in the progress of this country, with projects it originates and contributes to in the areas of culture-arts, cultural heritage, health and environment.

— Koç Provides Support for Health

Koç Group places great importance on the health of the society and has made many pioneering investments in the field of health. In 2012 Koç Group started the construction of the Koç University School of Medicine Health Sciences Campus, with the mission of creating a new center for excellence. Moving from Vehbi Koç's words; "Without health nothing is possible," we contribute to the development of our country's infrastructure of health services with the projects our Group Companies carry out every year.

Vehbi Koç Foundation (VKV)

Education:

- Private Elementary School and High School (High School 1988, Elementary School 1998)
 - Koç University (1993)
 - Koç Elementary Schools (1998-2008)
- On the occasion of the 75th 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.
- Model School Project (Planned to be opened in 2014)

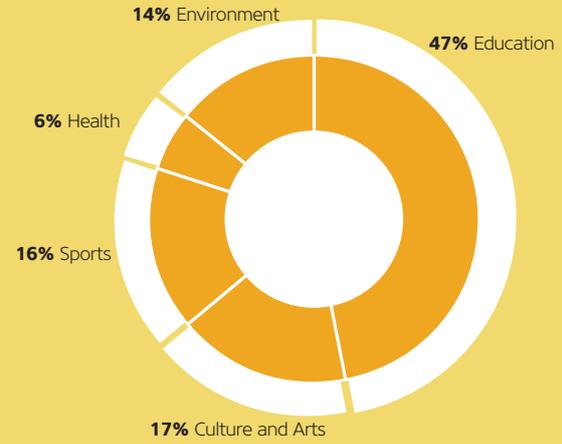
Health:

- Semahat Arsel Nursing, Education and Research Center (SANERC, 1992)
- VKV American Hospital (1995)
- Koç University School of Nursing (1999)
- Koç University School of Medicine (2010)
- Health Sciences Campus (Planned to be opened in 2014)

Culture:

- Sadberk Hanım Museum (1980),
- Vehbi Koç and Ankara Research Center (VEKAM, 1994)
- Suna-İnan Kıraç Research Institute for Mediterranean Civilizations (AKMED, 1996)
- Antalya Kaleiçi Museum (2000)
- Koç University Research Center for Anatolian Civilizations (ANAMED, 2005)
- TANAS Art Gallery Berlin (2008)
- ARTER Space for Art (2010)

Since its establishment, VKV 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 2012, Vehbi Koç Foundation continued to make a difference in the society through the programs it runs from its headquarters as well as through its affiliated institutions.



Social development initiatives implemented by Koç Group Companies by subject

For more information on VKV Institutions and 2012 activities, you can visit www.vkv.org.tr.

The Vehbi Koç Foundation, which oversees VKV American Hospital, Semahat Arsel Nursing, Education and Research Center (SANERC), Koç University School of Nursing and Nursing Fund, continues to be a pioneer in the area of institutionalization and to conduct exemplary operations.

Nursing Fund

The Nursing Fund utilizes significant resources every year to contribute to the development of the nursing profession and improve the health of the society. Every year, the fund supports 10 projects and provides scholarship for up to 100 nursing students. In the 2011-2012 period, 28 students have been accepted into the Bachelor's Program for Nursing. While 194 students graduated the program until today, currently 63 students continue with their graduate studies and 5 students are enrolled in the PhD program.

Semahat Arsel Nursing Education and Research Center

Established under Vehbi Koç Foundation and instigated with the Koç University School of Nursing in 2004, SANERC provides education and consulting services; conducts and supports researches that contribute to the development of the nursing profession; composes study books and guide books for educational purposes and publishes the "Education and Research in Nursing Magazine," which is distributed free of charge. Accredited by the American Nurses Credentialing Center, educations run within SANERC have had 8.679 health-care professional – mostly nurse – participants, since its establishment.

Health Sciences Campus

Construction of the Health Sciences Campus of the Koç University School of Medicine, which is one of the largest projects

- Our Chairman, Mustafa V. Koç at VKV Van Elementary School



of its kind in Turkey, began in Topkapı in 2012. The campus consists of a school of medicine and a teaching hospital, set to open in September 2014. Once housing for faculty members, a nursing school and housing for the nursing school is completed, Vehbi Koç Koç Foundation will have endowed the country with an important institution. The training and hospital investments of the Koç University School of Medicine are funded by revenues from the American Hospital.

— Koç Companies Support Health

Aygaz Supports Diabetic Children

Supported by **Aygaz**, 100 diabetic children attended the Diabetic Children's Camp organized by the Association of Diabetic Children held in Gebze, in 2012. The Diabetic Children's Camp, which has been supported by **Aygaz** for 8 years and has been organized for the 20th time this year, ended with a surprise ballet show, performed by the children at the end of the 5 day training.

Clean Toilet Campaign from Opet

Opet's Clean Toilet Campaign, which has been carried out since 2000 and which is one of the most long-termed social development projects in Turkey, has been exported to the Turkish schools in Saudi Arabia in 2012, upon an invitation. 4,800 teachers and students in Mecca, Medina, Jeddah and Riyadh were given 'cleanliness and hygiene' training. During the same year, new standards set for public toilets by Opet and TSE cooperation were published in the official gazette; which then became requirements for all public toilets, including offices and restaurants, with the process initiated by the Ministry of Internal Affairs.

Health Screening for Children by Ford Otosan

Two doctors of **Ford Otosan** İnönü Plant conducted a heart and eye screening on

70 people from Şehit Ali İhsan Aydın Elementary School.

— Koç Supports Education

Education and training is the way to develop the skills necessary in today's global economy. Quality of education, access to education and equality in education are important issues in 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. 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 Scholarships

Over the years, Vehbi Koç Foundation has provided scholarships to over 43,000 students. In the 2012/2013 academic year, Vehbi Koç Foundation provided scholarships through its main headquarters and affiliated institutions to 4,048 students, 3,251 for secondary and 797 for higher education. In 2012, the VKV has increased its quota for scholarships in its Endowment Fund in order to reach more successful students and needy students. As a result of this initiative, the number of universities receiving scholarships from the VKV increased to 17.

Support to Van

Following the Van earthquake, Vehbi Koç Foundation initiated a project with **Ford Otosan** to restore the educational environment and aid teachers. The project was completed with the construction of "Ford Otosan Teachers' Residence" in 2012.

Constructed in Van's Kalecik Village, the complex consists of four buildings of three stories each containing 128 one and two bedroom apartments, a social facility, open and closed sport complexes, green spaces and parking lots. Also, 17 Koç Group Companies contributed to the construction of 17 facilities for teachers by donating a total of 1,020,000TL to the "Turkey for Van Money Box"; a fund administered by the Ministry of National Education which was initiated by Turkish Education Foundation (TEV) and Turkcell.

Model School

Vehbi Koç Foundation and Cannon Design have organized two conferences; the first on "Education Architecture in the 21st Century" and "Effects of Environment on Education," in February 2011 and the second which took place in the Koç University Research Center for Anatolian Civilizations (ANAMED). The Model School project, run with the contribution of Cannon Design, seeks to come up with a reproducible and adaptable school that provides innovative education spaces and pedagogic approaches, is student-centered, sustainable and in an organic relationship with its shareholders and environment. The process and architectural concepts of such a school was discussed by the participants in light of the current requirements for education. The intellectual basis of a reproducible "model" school, which is planned to be completed in 2014, has been shared with the public.



VKV Koç University

Koç University enrolls the most students of any foundation university in Turkey from the highest scoring 500, 1,000 and 5,000 students. It becomes one of the three universities in Turkey listed on the top-250 list of the Times Higher Education university rankings. Koç University celebrates its 20th anniversary in 2013.

— Vehbi Koç Award

The Vehbi Koç Award, which is given every year in the field of education, health or culture and arts to reward individuals and institutions that contribute to the enhancement of the quality of life, has been given to Prof. Dr. Nermin Abadan Unat in 2012. Unat has been awarded for being a successful educator who raised thousands of students and hundreds of academicians in the fields of political sciences and sociology, and who has been exemplary with her pioneering works on the subjects of "Women" and "Migration". Winner of the 2012 Vehbi Koç Award, Prof. Dr. Nermin Abadan Unat is Turkey's first female political scientist, the first woman at Ankara University Faculty of Political Sciences to become a full professor the founder of the first course for women, and the first female director of Turkey's first school of journalism, the Media and Press Academy, which she helped establish.

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

Mobilising the expertise and large employment potential it has in many sectors, Koç Group has been contributing to the bringing up of qualified workforce that Turkey needs, for more than 80 years. The project it initiated in 2006 has been shaped on these grounds. "The Collaboration for Development of Vocational Training Protocol", which was signed in 2006 between the Ministry of Education and Koç Holding, was built on the premise that Koç Holding will help alleviate unemployment

and reduce the current deficit of skilled workers in the workforce. Supported by the Vehbi Koç Foundation and identified with the "Vocational Education: A Crucial Matter for the Nation" (MLMM) slogan, the project aims at creating awareness in every segment of the society regarding the importance of vocational and technical training and to be a leader in sowing the seeds of cooperation between the government and the private sector. In order to encourage young people to enroll in vocational education, the MLMM project started by aiming to provide educational scholarship with internship opportunity to 8 thousand vocational school students. The project then developed into a system with the introduction of vocational high school coaching, personal development modules, training laboratories and then, transformed into a model work that builds bridges between the education and business worlds through adopting the "school-workplace partnership" strategy.

Going beyond the initial target of 8.000 students, 8.118 students were provided with scholarship and 80% of the students who applied for an internship were provided with one. Within the scope of MLMM Project, the aim is to develop collaboration between the companies and 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 gain qualified human resources. This structure developed in the Project is named "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 lie the sector-based collaborations developed between the vocational high schools and the companies and the bridges built between education and business worlds.

Work that was started in 2010 to extend the experience and results of the MLMM Project to the whole of the country gained impetus in 2012. Within this scope, "Partnership for Quality in Vocational Education Project," which was initiated with Education Reform Initiative in 2010 was completed in 2012. "Quality Strategy Certificate in Vocational and Technical Education," which was fed with various researches, was disclosed to the public in 2012 within the scope of the project that is run with participatory processes. With "What Works in Vocational Education, Why? Policy Suggestions for School-Enterprise Partnership" document, critical success factors for school and enterprise collaborations were shared with the public, as a result of the research held in various vocational schools and collaborating private sector organizations.

In 2012, "Vocational High School Coaches Program," which was developed within the scope of MLMM Project and has been practiced with the voluntary support of over 550 Koç Group employees, was handed over to business world with the leadership of Corporate Volunteer Association (ÖSGD). In the first phase, 29 ÖSGD-member companies and over 300 volunteers have participated in Vocational High School Coaches Program, which supports the individual development of vocational high school students and gives the participating employees volunteering spirit. In order to guarantee the sustainability and spread of the project, support was given to ÖSGD in order to develop the training contents of the program.

Activities were pursued in 2012 in order to encourage vocational education and reinforce its reputation within the scope of MLMM Project. In this regard, 2012 communication campaign was realized with "Experts Must Take Care of Business" theme. Within the scope of the commu-

- Vocational Education: A Crucial Matter for the Nation Project, Vocational High School Coaches



nication campaign, which has aimed to address the value of qualified human resource through TV spots and newspaper and magazine notices, calls were made to SMEs, NGOs, trade associations and academicians to spread the significant results obtained with MLMM. Parallel to the communication campaign, a contest called “High Schools Are Competing with Their Occupation” was organized in order to draw attention to vocational high schools and the talents of the students. Within the scope of the project, meetings were held with screenplay writers and series producers in order to raise awareness regarding screenplay elements that might take part in vocational education.

The model and the success obtained with MLMM Project have been presented as exemplary in the international platform. While receiving the big award at European Employee Volunteering 2011 Program, in 2012, MLMM was displayed in International Labour Organization’s Youth Employment Forum as an example for other European companies.

School-Workplace Partnership Model Implementations from Koc Group Companies

The most important steps for the sustainability of MLMM Project are the projects developed by Koç Group companies with regards to the needs of the vocational education in relative sectors and the school/enterprise collaborations formed in this regard. Within this scope, many Koç Group companies have conducted exemplary sector practices within the reporting period.

Arçelik Technical Service for Electrical Home Appliances Program – Arçelik Laboratories

Arçelik Technical Service for Electrical Home Appliances Program – **Arçelik** Laboratories has been initiated in 2011, in the

context of Arçelik’s support to the MLMM Project, with the collaboration of the Ministry of Education and General Directorate of Technical Education for Boys. With the program, it has aimed to raise a workforce that is up-to-date on the developments in the electrical home appliances industry and new technologies, thus making their employment easier. As of the 2011-2012 academic year, 4 **Arçelik** Laboratories have been set up, 3 of them being in Istanbul and 1 of them being in Diyarbakır. Founded within the Electrical-Electronic Technologies Field – Electrical Home Appliances Technical Service Department, **Arçelik** Electrical Home Appliances Technical Education Program hosts 226 students and 29 teachers by the end of 2012. With this program, **Arçelik** realized a first in the Electrical Home Appliances Technical Service Staff field in Turkey.

Ford Otosan Builds Vocational College in Gölcük

In the scope of the MLMM Project, **Ford Otosan**, which had supported the vocational development of over 1200 students in 19 vocational high schools with 36 Vocational High School Coaches; provided 208 days of technical education to 1,089 people in 2012, at the Ford Cargo Education Center in Eskişehir, which was opened for service in 2011. Ford Otosan also signed the protocol for the building of Vehbi Koç Foundation Ford Otosan Gölcük İhsaniye Vocational High School, which will be established in 2012, within the MLMM Project.

Otokoç “My School is at the Authorized Service” Project

Birmot, which functions under **Otokoç Otomotiv**, has been conducting “My School at the Authorized Service” Project with Konak Şehit İdari Ataşe Çağlar Yücel Technical and Industrial Vocational High School since 2009. In 2012 the project has had its third graduates. Winning the Creative Development Ideas Contest in

2009 within the scope of MLMM Project, “My School at the Authorized Service” was initiated with the support of World Bank and the pilot practice was begun with the laboratory founded in Birmot, İzmir. In 2012, 178 students of Konak Şehit İdari Ataşe Çağlar Yücel Technical and Industrial Vocational High School completed the project with success and were entitled to certificates. The scope of the project is planned to be expanded by 2013.

Tüpraş MEGEP School – Workplace Partnership Model

The aim of the project is to bring up employees who are acquainted to the new technologies of refinery-petrochemical services by establishing collaborations in the Refinery and Process branches of the “Chemistry Technologies Field” in industrial technical vocational schools and institutions. Schools that have a laboratory within the scope of this project are; Kocaeli Anatolian Industrial Vocational High School, İzmir Aliğa METEM, Kırıkkale Bahşil H. Hidayet Doğruer Multiple Program High School and the Batman Industrial Vocational High School. First pillar of the project has been the restoration of the laboratories in the chemistry departments of four Industrial Vocational High Schools (IVHS). The second pillar of the project has been to open a “petroleum refinery” branch next to the “chemistry technology” branch that exists in IVHS’ chemistry departments. Specific lesson plans have been developed for this branch and students have been accepted accordingly. In the scope of the project, a protocol has been signed with the Ministry of Education General Directory of Vocational and Technical Education in 2012. The Körfez Technical Industry Vocational High School Maintenance and Repair Branch has been established.



TürkTraktör Agricultural Machinery Laboratory

Within the scope of the cooperation developed in accordance with MLMM Project's school-workplace partnership model, "TürkTraktör Agricultural Machinery Laboratories" have been established in Ankara Gazi Technical and Industry Vocational High School, Amasya Gökhöyük Agriculture Vocational High School, Şanlıurfa GAP Agriculture Vocational High School and Bursa Osmangazi Husbandry Technical and Agriculture Vocational High School. Laboratories, which were a first in the sector, will be open to the farmers as part of the cooperation with the Ministry of Food, Agriculture and Stock Breeding. The aim of these laboratories is to increase the quality of vocational education on agriculture machinery, to provide well equipped and educated personnel and to raise awareness amongst farmers on machine safety. Because having no vocational training and unemployment are heavily correlated in Turkey, great importance has been put on education and vocational development. In this light, it has been aimed to provide education to 32 teachers, over 300 students and 750 farmers in the agriculture machinery laboratories that will be set up in 4 cities.

In addition, Vocational Proficiency courses are given at **TürkTraktör**, to vocational college employees. Employees, who successfully pass the examinations held after the training receive certificates approved by the Ministry of Education. 336 people have benefited from such vocational courses.

Yapı Kredi Technical and Vocational High School for Girls

In the **Yapı Kredi** Technical and Vocational High School for Girls, opened in 2009, 450 students are getting an education in the Food and Beverages, Photography Graphics, Informatics, Child Development and Tex-

tile Technology departments. Beginning in 2012 -2013, **Yapı Kredi** has started supporting successful students with the **Yapı Kredi** Education Scholarship and Sports Scholarship.

For My Country

"For My Country" is an umbrella project that aims to enhance quality of life through supporting local development and creating a more participant approach towards social problems by promoting an understanding of social responsibility in the Koç Group Companies, employees, distributors and suppliers. "For My Country" project was initiated in 2006 and has been building bridges between companies and the society since then. In its first two years, Koç Group distributors created solutions for the problems they detected in the local, and then used this know-how to develop projects, which can be joined with the corporate strength of the Koç Group, targeting common issues.

Within the scope of the "For My Country" project, the blood donation campaign, which was initiated to raise voluntary and regular blood donors, created awareness in 103,000 people and sustained 83,579 units of blood donation from 2010 to 2011. With these amounts, the largest blood stock donation to the Turkish Red Crescent was delivered by the Koç Group.

Within the scope of "For My Country", the "No Barriers for My Country" project was initiated in cooperation with the Alternative Life Foundation and United Nations Development Program (UNDP). With this project, the aim has been to be a role model for applications that increase the life quality of the disabled people.

With this practice of the For My Country Project, a total of 37,980 people have been reached with the educations given through our For My Country Ambassador distributors, to the employees of 34 Koç

Group Companies and elementary school students in 20 cities that volunteered to participate this year. In the context of the "Right Approach to Disability" trainings, 375 volunteering trainers have been trained, and 730 trainings have been organized. In addition to this, 55 different studies have been started to make our distributors and stores "Disabled Friendly". As part of the project, while the legal responsibilities of employing disabled personnel have been followed, our services and spaces for the disabled have been reconsidered. Also, our Companies realized works that supports the project, by cooperating with Civil Society Organizations as well as state institutions.

In the scope of the project, the "Precautions Against Disability Manual" that was prepared by 8 attending physicians of the American Hospital and the "Enabled Banking" project of **Yapı Kredi**, which included 366 ATMs designed for the sight-disabled people and 16 ATMs for the physically disabled people contributed to the project. Within the scope of the project, our companies advanced towards being "Disabled-Friendly" workplaces. Yapı Kredi in General Directorate, Banking Base and 30 branches, **Arçelik** in 1 factory, 5 dealers and 1 store and **Otokoç** in headquarter and 8 branches -4 of which are Birmot- continued to be exemplary cases in terms of infrastructural improvements. Yapı Kredi provided sign language training to 179 volunteering employees within the scope of "Speaking is at Our Hands" project. Within the scope of the collaboration with GETEM, each book published by **Yapı Kredi** Publishing is available for download from internet at audiobook format. Within the scope of the project, RMK Marine has become sponsor for Beşiktaş Wheelchair Basketball Team, while Callus has become the infrastructure sponsor for audio messages directed to group employees and dealers, with an introduction

- What Will the Weather Be Like Tomorrow Project (Aygaz)



by Mustafa V. Koç, Chairman of the Board. While **Ford Otosan** and **Tüpraş** shined out with communication studies and various projects held within and outside of the companies within the scope of “No Barriers for My Country” project, **Aygaz** and **Tofaş** have become the companies which have reached the greatest number of employees with the awareness trainings they have conducted.

For My Country Ambassadors, who contribute to the project throughout the country; have supported the project with awareness trainings, as well as with supporting activities. In Batman, the For My Country Ambassador began to collaborate with Batman Municipality for transforming Turgut Özal Boulevard and the shopping mall whereby our dealer resides into “Disabled-Friendly” places with physical improvement studies. In Tokat, the For My Country Ambassador collaborated with Tokat Disabled Association and Intracity Transportation Cooperative to put two disabled-friendly buses into service.

Developing into a voluntary program through years, For My Country project has received UNDP Special Award in the 11th Golden Compass Awards in 2012, organized by Turkish Public Relations Association.

Number of ambassadors and companies included in the “For My Country” Project since 2006 are as below:

	For My Country Ambassadors	Companies included in the project
2006	81	43
2007	81	30
2008	81	22
2009	81	*
2010	121	49
2011	135	46
2012	116	34

* Companies were not included in the 2009 practice.

Koç Companies Support Education

“What Will the Weather Be Like Tomorrow” by Aygaz

The “What Will the Weather Be Like Tomorrow? Project” was initiated in September, 2010 by **Aygaz**, in partnership with the Regional Environmental Center (REC) and in trust of the Ministry of Environment and Forestry. Between 2010 and 2011, the ‘Sky Van’ that holds a mobile planetarium and the simulation machine ‘Magic Ball’, which allows to view the earth motions in three dimension, travelled 32 cities. In this process, number of people trained reached 8,360. Giving a pause to the mobile trainings of the project in 2012, necessary infrastructural work got completed in the exploration globe at the Rahmi Koç Museum, to start the trainings immediately.

Ford Otosan Supports Education

Ford Otosan, donated educational material and used body parts to a number of technical high schools, vocational academies and universities in order to allow students for “learning by doing”. Also, the houses that were built in Saraylı Children’s Village in Gölcük, Kocaeli, after the August 17 earthquake were painted by 50 employees from Ford Otosan Assembly Area Management.

Support from Ford Otosan to Educational Volunteers (TEGV)

Within the scope of Koç Group Leader Development Program’s “Leader and Human” training, **Ford Otosan** employees organized a trip for 250 children from TEGV’s 2 Education Parks and 3 Learning Units on Istanbul’s European side and of 25 volunteers. In addition, a fund was started that will benefit 1,000 children.

Seminars from Otokar

In order to increase the occupational knowledge and talents of university stu-

dents, in 2012, **Otokar** conducted a seminar called “Armoured Vehicle Design and Development Process” in Istanbul Technical University with the participation of 155 students and a seminar called “Vehicle Development Process and Otokar Practices” in Middle East Technical University with the participation of 81 students. In fall semester, internship opportunities were granted to 44 vocational high school students within the scope of Sakarya University’s 3+1 project. All of the trainings were given with the collaboration of internal trainees, industrial vocational high school teachers and supplier firm trainees.

Cutting Tool and Engine Donation

With the protocol signed with Gazi University Industrial Arts Education Faculty, Department of Industrial Technology Education, **TürkTraktör** has donated many cutting tools for education purposes. Besides, within 2012, 9 demanding schools were provided with various engines, ponte and gear boxes.

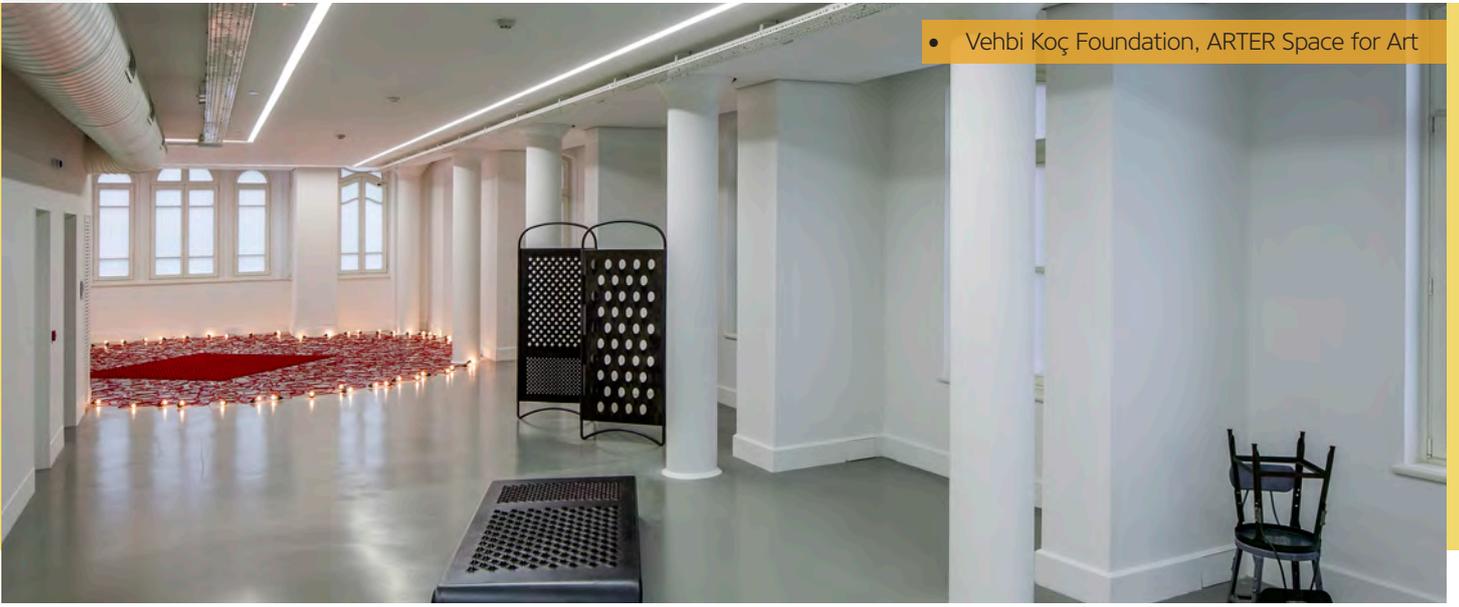
Tüpraş April 23 Children’s Festival in Batman

The project, which was initiated in order to render National Independence and Children’s Day more enjoyable for children, was once a segment of “100 Smiling Faces Project” of Umbrella Movement, project in 2009 turned into an independent project.

Gathering Batman Governorship, Provincial Directorate for National Education, school managers and teachers, NGOs, Tüpraş employees and families, the project supports children and also helps **Tüpraş** employees and their families adopt corporate responsibility as a living and working style. In 5 years, **Tüpraş** hosted 13,000 children with the support of 450 volunteers.

I Read I Play

“I Read I Play Project,” which has been realized by **Yapı Kredi** with the collabora-



• Vehbi Koç Foundation, ARTER Space for Art

tion of Educational Volunteers Foundation of Turkey (TEGV) since 2006, has as its target population children of primary education years. In the project, which takes as its mission to help children activate their creativity; freely express themselves in writing and verbal ways; and become individuals that understand what they listen to, make commentaries, develop reading habits and own rich vocabulary, the objective of reaching 100,000 children was realized.

Finance Chair

Finance Professorship Chair, established by **Yapı Kredi** in January 2011 at Koç University in order to support the scientific researches in finance field and strengthen the relations between banking sector and academia, has continued its activities in 2012. Contributed by internationally recognized scientists, Yapı Kredi Finance Professorship Chair has continued to help students gain experience in realizing business processes with financial tools, with the training processes that include various analyses, occurrence investigation and theoretical resources.

Support for Art and Cultural Heritage at Koç

Koç Group has been creating funds from its resources in order to make live the cultural values and art, develop it, promote in national and international arenas, protect the artists and encourage them. Believing that one of the most important factors in the development of societies is creativity, Koç Group has been supporting culture and art activities in order to help the bringing up of creative generations that will contribute to the cultural development of the society. With the projects conducted in 2012, Koç Holding, Group companies and Vehbi Koç Foundation continued raising awareness in art and culture field. The cultural activities by Vehbi Koç Foundation cover a large scope of practices.

Vehbi Koç Foundation Ford Otosan Culture and Community Center

“Vehbi Koç Foundation **Ford Otosan** Culture and Community Center,” built in Gölçük with the support of **Ford Otosan** has been promoting the social and cultural development of the local community since its establishment. Alongside the natural atmosphere it presents and its award-winning architecture, the center has been providing a rich cultural atmosphere with an activity program comprised of personal development, art lessons, exhibitions, performing arts and musical activities. With a crowded activity agenda, the center has become the meeting point for 9,000 visitors for each month.

“Anatolia in the 20th Century” Exhibition from Josephine Powell’s Lens

One of the last voyagers of Anatolia, the American photography artist and collector Josephine Powell’s “What Josephine Saw: 20th Century Photographic Visions of Rural Anatolia” exhibition was opened in the Koç University Anatolian Civilizations Research Center (AnaMed). 3 months before her death, in 2007, Josephine Powell donated her entire collection of Anatolian rugs to the Vehbi Koç Foundation. The photograph that consists of 30,000 shots has been transferred to the digital sphere and catalogued by the Koç University Suna Kiraç Library.

Vehbi Koç Foundation in Contemporary Arts

Having decided in 2007 to form a modern art collection in addition to its Turkish-Islamic and Archeology collections, Vehbi Koç Foundation today has a collection of nearly 700 works. ARTER modern art gallery, which was founded in 2010 at Beyoğlu in order to create “a space for art,” has provided memorable experiences to art-lovers with 6 exhibitions held in 2012. Tanas, which was founded in 2008 at Berlin, aims to follow developments regarding

Turkish art and function as an international display for modern Turkish artists. In this regard, 4 exhibitions were opened in 2012.

“Skill of the Hand, Delight of the Eye” – Ottoman Embroideries in the Sadberk Hanım Museum Collection

Sadberk Hanım Museum, founded for creating a living and producing culture and education center in accordance with modern museology, owns collections of Ottoman era woman clothing, textile and art products and archeological findings. The museum conducts regular training studies that aim to teach children Turkey’s cultural heritage and traditions, in addition to its high-grade exhibition catalogs and academic studies. On December 7, 2012, “Skill of the Hand, Delight of the Eye” – Ottoman Embroideries Collection was opened. 167 works chosen out of 360 that are present in the exhibition were put on display in the exhibition catalog.

BNP Paribas Award for Individual Philanthropy

“BNP Paribas Award for Individual Philanthropy” which Koç Family was entitled to in 2011, has been given by BNP Paribas Wealth Management, an organization of European leader in global banking and financial services and one of the biggest 6 banks in the world, BNP Paribas. With the award, BNP Paribas is rewarding families that run pioneer and riveting activities that produce social benefit and encouraging practices in this regard. As a projection of the award, BNP Paribas has published a special book in May 2012 which narrates the philanthropy activities of Koç Family via photographs.

International Istanbul Biennial

Koç Holding has become the sponsor of International Istanbul Biennial organized by Istanbul Foundation for Culture and Arts (İKSVA) for 2007-2016 period. The

- Award for Respect for the History Project (Opet)

AKKALE - GELİBOLU YARIMADASI



13th of the biennial will be held under the title "Mom, am I barbarian?" title between September 14 and November 10, 2013. Our mission is to raise awareness among the youth and the growing generations regarding modern art, increase its recognition; reach people in Turkey who has not yet meet it, hence ensure to draw the general attention towards it. In line with these objectives, in 2013 various projects will be conducted, like making Biennial free for many target populations, first and foremost the university students, spreading museum and exhibition culture to the grassroots of the society and increasing the number of visitors.

Berlin Philharmonic Orchestra Concerts
Koç Holding has become the co-sponsor for Berlin Philharmonic Orchestra Concert organized within the scope of 40th year celebrations of Istanbul Foundation for Culture and Arts (İKSÜ), supporting one of the most significant classical music organizations' meeting with Turkish audience.

Support for Art from Koç Companies

The 18th Istanbul Theatre Festival

Koç Holding Energy Group Companies **Aygaz**, **Opet** and **Tüpraş** have become the sponsor of 18th Istanbul Theatre Festival organized by Istanbul Foundation for Culture and Arts (İKSÜ). The main theme for the festival, which was organized on May 10 - June 5 with the participation of 40 theatre and dance groups from Turkey and 5 from international arena with over 100 shows, was "Liberties – Questions."

Sevgi Gönül Theatre Days

Aygaz continued its support for Koç University Sevgi Gönül Theatre Days in 2012, which it has been supporting since 2006.

Aygaz Library

Aygaz, has been pursuing "Aygaz Library Project" for booklovers, artlovers, researchers and youth in order to remind

the historical and cultural richness of our geography and convey them to next generations. With the project initiated in 1996, 11 works were brought into our art-culture life. Comprised of books in various areas, from history to archeology, in 2012 "Human Figures in Prehistoric Periods" was added to **Aygaz** Library.

Guinness World Records with Bachata Dance

In the record attempt organized by DANCEKEYFİ Dance Academy under the main sponsorship of **Opet** and with the support of TAV Airports, 198 couples made "The Most Crowded Bachata Dance Record Attempt" for 5 minutes, without fault. In the attempt made in February 2012, the successful performance of the couples made them enter into the records book.

NASA: A Human Adventure Exhibition

American National Aeronautics and Space Administration's (NASA) exhibition on humanity's curiosity of space and researches; "NASA: A Human Adventure" was opened under the main sponsorship of **Opet**. The exhibition happens to be the most extensive exhibition realized outside USA.

Support for Teksem

Opet, has become sponsor for the theatre play of Turkey Non-Handicapped Culture, Art and Education Center (Teksem), which provides scholarship to 121 handicapped students.

Support for Tomato Fest

Tat Konserve become the sponsor for Kavaklı Municipality's traditional tomato festival in 2012.

Tofaş Toy Exhibition

In **Tofaş** Toy Exhibition, the development of toys from past to present is displayed.

In Midas' Country, Under the Shadow of Monuments

Anatolian Civilizations Series, which have been prepared with the collaboration of

Tüpraş and **Yapı Kredi** Cultural Activities, Arts and Publishing, continued with "Phrygians: In the Land of Midas, In the Shadows of Monuments" after "Urartu - Transformation in the East" The discovery of Anatolia's heritage continued with this work in which the unknown aspects of Phrygian people are unfolded.

Yapı Kredi Cultural Activities, Arts and Publishing

Yapı Kredi Cultural Activities, Arts and Publishing has continued to make a distinguished name for itself with the books published, exhibitions opened and other culture and art events in 2012. Since its establishment, **Yapı Kredi** Publishing has the biggest market share in publishing sector, and it kept its place in 2012. In 2012, 1,680,000 books were published with 282 first and 522 repeated editions in literature, poem, art, history, classics, comics and philosophy. **Yapı Kredi** Publishing has also achieved a big success with publishing its 3,759th book.

Within 2012, 11 exhibitions were opened; 3 in **Yapı Kredi** Cultural Center, 5 in Caddebostan Cultural Center and 3 in Gaziantep.

Yapı Kredi Afife Theatre Awards

Yapı Kredi Afife Theatre Awards, which has been given annually since 1997 and is considered as one of the most respectable art awards in Turkey, is realized in order to keep Turkish theatre free and alive and support it. Organized for the 16th time in 2012, thus becoming one of the rooted traditions of Turkish theatre, **Yapı Kredi** Afife Theatre Awards found their owners with a pulling ceremony. The bests of 2012 received awards in 15 categories with the ceremony held at April 30, 2012.



• Koç Fest University Sports Games

Support to Cultural Heritage from Koç

With the pride and responsibility of living in one of the richest geographies of history and cultural heritage in the world, Koç Group companies support archeology and the studies that protect cultural heritage.

Sagalassos Antonine Nymphaeum Restoration

Aygaz, has been supporting the studies to meet Ancient Sagalassos city with light since 2005. Following the Antonine Nymphaeum Restoration, within the scope of the project, the restoration of the structures in Upper Agora began in 2011. The aim of the restoration studies is to restore the ruined monumental structures in Upper Agora, to raise them with the use of original elements, hence to exhibit the values and potential Upper Agora has within.

Support for Van Castle Excavations

Aygaz, has been supporting the mound excavations in Van Castle with Ministry of Culture and Tourism and Istanbul University since 2010. In 2012, a significant event occurred in the project, as a 2,800 year old Urartian fountain was discovered in castle's south.

Maydos Kilisetepe Excavations

Aygaz, has started to support Ministry of Culture and Tourism's Maydos Kilisetepe Mound Excavation in 2012.

Respect for the History Project

Within the scope of Respect for the History Project, which was initiated in 2006 in order to give Gallipoli Peninsula a modern outlook, a new secondary school was built in the reporting period. **Opet** Respect for the History Secondary School, which is comprised of 16 classrooms, is built in an earthquake-resistant manner. In addition to this, 436 people in Bigalı, Büyük Anafartalar, Beşyol, Kumköy, Yalova, Kilitbahir, Küçük Anafartalar, Behramlı, Alçitepe and

Yolağzı villages were provided with trainings on handicrafts, clothing, computer, cleaning and hygiene in 2012.

Sinop Ice Plant Restoration

The historical ice plant building in Sinop is opening gates after 51 years to serve the cultural life. The first step in the collaboration of Ministry of Culture and Tourism, Sinop Municipality and **Opet** was taken in 2012. Within the scope of the project, existing water cooling substructure and the machinery that project the specifics of the era are planned to be restored while wood forms used as ice buckets are aimed to serve as library shelves.

Support from Tofaş to Archeology

Tofaş has continued its support for the archeological excavations held in Küçükyalı Archeology Park, Arslantepe-Malatya and Pamukkle Hieropolis.

Publication Sponsorship for Aktüel Arkeoloji Magazine

Aktüel Arkeoloji Magazine, which gives voice to Anatolian history for Anatolian people, happens to be the only national archeological magazine in a geography whereby hundreds of archeological excavations are held within a year and where each city holds a heritage beneath. **Tüpraş** has continued the sponsorship practice of this magazine in 2012.

Çatalhöyük Excavations

One of the most important projects that been supported by **Yapı Kredi** for long years, is the Çatalhöyük Excavations. Settled in the Çumra District of Konya and having has a population of 3 thousand to 8 thousand between 7000 BC and 6000 BC, 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. As one of its main sponsors, **Yapı Kredi** has been supporting the Çatalhöyük archeological excavations

since 1997. In July 2012, Çatalhöyük was added to the Unesco World Heritage List.

Koç Supports Sports

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

Koç Fest University Sports Games Turkey

Initiated in 2006 by Koç Holding and Group Companies to bring music and entertainment to universities and to create a traditional festival for students, The Koç Fest visited 28 cities and organized 65 festivals. With the belief that sports increase the quality of life in a society, Koç Holding has been the main sponsor of the "University Sports Games" in 2009, organized by the Turkish University Sports Federation. With this initiative, Koç Fest received the title of being the largest youth and sports festival of Turkey, combining music and entertainment together. 20,000 athletes from 185 universities and 40 disciplines compete in the Koç Fest University Sports Games Turkey every year. A portion of the teas and athletes which succeed in the event represent Turkey in international events regularly, with the support of Koç Holding. Koç Fest visited 7 universities in 2012 and made its great final in Konya Selçuk University, with the participation of approximately 5,000 students.

With the media communication studies conducted in national and international press in 2012, Koç Fest received Platinum Award with "high professional talent" emphasis in MarCom Awards, controlled by the USA-centered Association of Marketing & Communication Professionals, in 5 categories; "Publicity Campaign," "Newspaper Placement," "Media Relations/Publicity/Media Response," "Communication Program" and "Communication Plan."

- Sustainability and Social Responsibility in Media Workshop



Beko Supports World Basketball

As the namesake of the Turkish Basketball League since 2006, Beko has made a long-term contract with German Basketball League "Basketball Bundesliga", deciding to pursue its league sponsorship practices in the international platform. Giving its name to Russian Basketball League in 2010, Beko has made another sponsorship agreement in 2011, with Latvia Basketball League. After German, Russian and Latvian League Sponsorships, Beko has become the name sponsor of Italian Basketball League "Lega Basket Serie A" in 2012. Moreover, Beko has presented to basketball audience "Beko Super Cup 2012" in which the biggest teams of the leagues it is supporting came together for the first time.

Grundig-Bundesliga Official Technology Partnership

"Official Technology Partner" of Bundesliga, Grundig has enlarged the scope of its international partnership with German Football League as Grundig Logo will be graphical compliment to all visual and auditory reporting of Bundesliga and 2. Bundesliga in 2012 and 2013 seasons.

Energy Sponsor of the National Teams: Opet

Opet Opet has become the official fuel supplier of all Turkish national football teams with the contract signed between **Opet** and Turkish Football Federation. In accordance with the agreement, **Opet** will supply fuel for all federation vehicles for three years.

Golf Tournament from KoçSistem ve Opet

80 CEOs participated to CEO Golf Week-end which was held in Carya Golf Club in Antalya Belek with the collaboration of **Opet**, **KoçSistem**, Capital and Ekonomist magazines.

15. Universities Köyceğiz Yaşar Sevim Beach Handball Tournament

Opet, became the sponsor for the handball tournament which has been organized

by Turkish University Sports Federation and Köyceğiz Municipality for the last 15 years. 29 university teams and 2 local teams from Köyceğiz participated to the tournament.

Tat Konserve Supports Surfing

Pastavilla and SEK brands were the food and beverage sponsors of the Pegasus Airlines PWA Winf-surf Worl Cup and Surf Sound Festival that were organized between August 27th – September 1st in Çeşme.

Tofaş Sports Club

Founded in 1974 in the **Tofaş** Factory in Bursa, the **Tofaş** Sports Club has been showing activity in the branches of basketball, football, volleyball, table tennis, water polo and bridge. In the course of the Fiatball, which took place with 150 athletes from the **Tofaş** Basketball Schools and the Volunteers for Basketball Project, children had a chance to learn about teamwork, develop their life skills and experience the thrill of a tournament. From the start of the project until today, over 5 thousand children were to basketball and over 100 TEGV volunteers received basketball coaching education.

Tüpraş and Tofaş Supports the International Aegen Yacht Rally

The competition, which is held bi-annually since 2000 with the organization of SE-TUR Marinas in order to strengthen Turkish-Greek solidarity, is an international event that supports the development of amateur yachting.

Yapı Kredi Supports the UEFA Champions League

Yapı Kredi, has added a new item to its "firsts" as it became turkey's Official Bank for world's biggest football organization UEFA Champions League. The first Turkish Bank to support the organization, **Yapı Kredi** will continue in this role for three years.

Activities Held Within the Scope of the Global Compact

Continuing to serve a member of the United Nations Global Compact Local Network Turkey, National Steering Committee in 2012, Koç Holding pioneered pilot projects to form thematic work groups under the Koç Holding Local Network activities. Taking charge in the constitution of "Sustainability and Social Responsibility in Media" Working Group formed in this regard for the first time, Koç Group has realized Sustainability and Social Responsibility in Media Initiative with Anadolu Efes and Sabancı Holding. The first activity of the initiative, which is founded in order to integrate social responsibility and sustainability topics into journalism, was the workshop held for press members on November 23-24 2012. Press members from 18 national newspapers, magazines and news channels attended to the workshop which was conducted in order to raise their awareness regarding sustainability and provide them with the tools to evaluate companies' sustainability performances.

GRI Indicators

Profile Indicators	Reference	Page	Notes	Response Level
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	7-8		
	Climate Change and Emission Management	19-20		
2.1	Contact	Inside Back Cover		Fully
2.2	Koç Group in 2012	4	www.koc.com.tr/en-us/Corporate/Sectors/Pages/Sectors.aspx	Fully
2.3	Koç Group in 2012	4, 5	www.koc.com.tr/en-us/Corporate/List_of_Companies/Pages/ListofKocGroupCompanies.aspx	Fully
	Governance at Koç	6		
2.4	Contact	Inside Back Cover		Fully
2.5	Koç Group in 2012	4, 5	www.koc.com.tr/en-us/Corporate/List_of_Companies/Pages/ListofKocGroupCompanies.aspx	Fully
2.6	-	-	www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/ShareholderStructure/Pages/ShareholderStructure.aspx	Fully
2.7	Koç Group in 2012	4, 5	www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/Pages/Corporate-OverviewGovernance.aspx Koç Holding serves to consumers and corporate clients via its subsidiaries in 34 countries. For more detailed information on geographic breakdown of Koç Holding subsidiary companies please refer to www.koc.com.tr/en-us/Corporate/List_of_Companies/Pages/ListofKocGroupCompanies.aspx	Fully
2.8	Koç Group in 2012	4, 5		Fully
	Product Information	27		
2.9	-	-	www.koc.com.tr/en-us/Investor_Relations/MaterialDisclosures/Pages/MaterialDisclosures.aspx	Fully
2.10	Koç Group in 2012	4, 5		Fully
	2012 Environmental Awards	24		
	For My Country	32		
	Vocational Education: A Crucial Matter for the Nation Project	30		
	BNP Paribas Award for Individual Philanthropy	34		
	Koç Fest University Sports Games Turkey	36		
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. when considered solely as a company, has no significant impact in terms of performance indicators compared to its subsidiaries . So in this reporting engagement we intend to demonstrate totality of the impact that Koç Group creates including its subsidiaries. We include our subsidiaries' performances to our reporting engagements. 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. 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	7-8		
	Sustainability Performance Management	8		
	Our Stakeholders	8-9		
3.6	Contents	Inside Front Cover		Fully
	About The Report	1		
3.7	Contents	Inside Front Cover		Fully
	About The Report	1		
3.8	Contents	Inside Front Cover		Fully
	About The Report	1		
3.9	Sustainability Management at Koç	7-8	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

GRI Indicators

Profile Indicators	Reference	Page	Notes	Response Level
3.10	About the Report Sustainability Management at Koç	1 7-8	In the Koc Group CSR Report 2011, the total fresh water use was erroneously disclosed as 49.3 million m ³ instead of the correct value of 28.2 million m ³ . Based on the corrected values, 30.8% of the total water demand for the reporting year of 2011 was supplied from recovered water.	Fully
3.11	About the Report	1		Fully
3.12	GRI Index	38-42		Fully
3.13	Disclaimer	Inside Back Cover		Fully
4.1	Governance at Koç	6	www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/Org/Pages/Organization_Chart.aspx	Fully
4.2	Governance at Koç	6		Fully
4.3	Governance at Koç	6		Fully
4.4	Governance at Koç	6, 8-9		Fully
	Occupational Health and Safety at Koç	10		
	Employee Engagement Survey	14		
	Suggestion Systems	14		
4.5	Governance at Koç	6		Fully
	Koç Group Compensation System	13-14		
4.6	Koç Holding Annual Report 2012	128-129		Fully
4.7	Governance at Koç	6		Fully
	Koç Holding Annual Report 2012	128-129		
4.8	Governance at Koç	6-8	www.koc.com.tr/en-us/Corporate/Vision_and_Values/Pages/VisionandValues.aspx	Fully
4.9	Governance at Koç	6-7		Fully
	Koç Holding Annual Report 2012	Inside Front Cover, 128-129		
4.10	Governance at Koç	6		Fully
	Koç Group Compensation System	13-14		
4.11	The Global Compact	Inside Front Cover		Fully
	Governance at Koç	6-7		
	Climate Change and Emission Management	19		
	Koç Holding Annual Report 2012	132-133		
4.12	The Global Compact	Inside Front Cover		Fully
	Sustainability Management at Koç	7-8		
	Climate Change and Emission Management	19		
4.13	Our Stakeholders	8-9		Fully
4.14	Our Stakeholders	8-9	Koç Holding identifies employees, customers, shareholders, investors, professional organizations, civil society organizations as key stakeholder groups .	Fully
4.15	Our Stakeholders	8		Fully
4.16	Our Stakeholders	8-9		Fully
4.17	Our Stakeholders	8-9		Fully

Management Approach

DMA EC	Environmental Trainings Provided in 2012 (p.5); Governance at Koç (p.6-9); Work Environment at Koç (p.12); Koç Akademi and Training in our Companies (p.13); Koç Group Compensation System (p.13-14); Koç Holding Retirement Pension Foundation (p.14-15); Environmental Management (p.18-19); Climate Change and Emission Management (p.19-20); Environmentally Friendly Products at Koç (p.23-25); Vehbi Koç Foundation (p.28); Koç Provides Support for Health (p.28-29); Koç Supports Education (p.29-34); For My Country (p.32-33); Support for Arts and Cultural Heritage at Koç (p.34-36); Koç Holding Annual Report 2012 (p.17);	Fully
DMA EN	Governance at Koç (p.6-7); Management of Environmental Issues (p.7); Environmentally-Friendly Practices at Koç (p.18); Environmental Management (p.18-19); Environmental Management and Investment Expenditures (p.19); Reduction in Indirect Energy Consumption (p.20); Climate Change and Emission Management (p.19-20); Koç Group Recycling Project (p.21); Efficiency at Koç (p.20-22); Biodiversity and Environmental Development Projects (p.22); Environmentally Friendly Products at Koç (p.23-25)	Fully
DMA LA	Sustainability Management at Koç (p.7-8); Human Rights at Koç (p.10); Occupational Health and Safety at Koç (p.10-11); Labor Union Rights at Koç (p.11); Minimum Notice Periods (p.12); Work Environment at Koç (p.12-15); Koç Akademi and Training in our Companies (p.13); Koç Group Compensation System (p.13); Leader Development Programs (p.14); Koç Holding Retirement Pension Foundation (p.14)	Fully
DMA HR	Sustainability Management at Koç (p.7-8); 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);	Fully
DMA SO	Governance at Koç (p.6); Sustainability Management at Koç (p.7-8); Operational Entry and Decommissioning Practices (p.23); Ethical Values at Koç (p.26-27); www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/VisionValues/Pages/VisionValues.aspx www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/Strategic_Principles/Pages/Strategic_Principles.aspx www.koc.com.tr/en-us/Investor_Relations/Corporate_Overview/Strategic_Principles/Pages/Main_Competitive_Advantages.aspx	Fully
DMA PR	Governance at Koç (p.6); Sustainability Management at Koç (p.7-8); Our Stakeholders (p.8, 9); Ethical Values at Koç (p.26-27); Responsible Advertising and Marketing (p.27); Product Information (p.27) www.koc.com.tr/en-us/Corporate/Vision_and_Values/Pages/VisionandValues.aspx	Fully

GRI Indicators

Performance Indicators	Reference	Page	Notes	Response Level
EC1	Koç Group in 2012 Koç Holding Annual Report 2012	4-5 17		Partially
EC2	Climate Change and Emission Management	19-20		Partially
EC3	Koç Holding Retirement Pension Foundation	14		Partially
EC5	Koç Group Compensation System	13-14		Fully
EC7	Work Environment at Koç	12		Fully
EC8	Social Development at Koç	28-37		Fully
EC9	Number of Interns Koç Akademi and Training in our Companies Environmentally Friendly Products at Koç Environmental Trainings Provided to Employees Vocational Education: A Crucial Matter for the Nation School Workplace Partnership Model Implementations from Koç Group Companies	13 13 23-25 5 30-31 31-32		Partially
EN2	Efficiency at Koç	21		Partially
EN5	Message From the CEO Efficiency at Koç	3 20-21		Fully
EN6	Environmentally Friendly Products at Koç	23-25		Fully
EN7	Reduction in Indirect Energy Consumption	20		Fully
EN8	Efficiency at Koç	21		Fully
EN10	Efficiency at Koç	21		Fully
EN11	Biodiversity and Environmental Development Projects	22		Fully
EN13	Biodiversity and Environmental Development Projects	22		Fully
EN14	Biodiversity and Environmental Development Projects	22		Partially
EN18	Climate Change and Emission Management	19-20		Fully
EN20	Protecting the Quality of the Air	20		Partially
EN21	Waste Water Disposal	21		Fully
EN22	Efficiency at Koç Koç Group Recycling Project	21 21	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.	Partially
EN26	Environmentally Friendly Products at Koç	23-25		Fully
EN30	Environmental Management and Investment Expenditures	19		Fully
LA1	Work Environment at Koç	12	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	11		Fully
LA5	Minimum Notice Periods	12		Fully
LA6	Occupational Health and Safety at Koç	10-11		Fully
LA8	Occupational Health and Safety at Koç	10-11		Fully
LA9	Occupational Health and Safety at Koç	10-11		Partially
LA10	Koç Akademi and Training in Our Companies	13		Partially
LA11	Koç Akademi and Training in our Companies Minimum Notice Periods Leader Development Programs Koç Holding Retirement Pension Foundation	13 12 14 14-15		Fully
LA12	Koç Group Compensation System	13-14		Fully
LA14	Koç Group Compensation System	13-14	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	26-27		Fully
HR4	-	-	No such case has occurred during the reporting period.	Fully
HR5	Labor Union Rights at Koç	11		Fully
HR6	Human Rights at Koç	10		Fully
HR7	Human Rights at Koç	10		Fully
SO1	Operational Entry and Decommissioning Practices	23		Partially
SO2	Ethical Values at Koç	26-27		Partially
SO3	Ethical Values at Koç	26-27		Partially
SO4	Ethical Values at Koç	26-27		Partially
SO6	Ethical Values at Koç	26	Relevant contribution to political parties, politicians and related institutions is zero.	Fully
PR3	Ethical Values at Koç	27		Fully
PR5	Our Stakeholders	8-9		Fully
PR6	Responsible Advertising and Marketing	27		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.

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Statement GRI Application Level Check

GRI hereby states that **KOÇ HOLDİNG A.Ş.** has presented its report "KOÇ GROUP CORPORATE SOCIAL RESPONSIBILITY REPORT 2012" 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. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 9 July 2013




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

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