

AKKÖK SUSTAINABILITY REPORT 2012



AKKÖK

Contents

- 01 About the Report
- 02 Message from the CEO and Chairman
- 04 Company Profile
- 12 Approach to Sustainability
- 18 Environment
- 30 Employees
- 44 Occupational Health and Safety
- 52 Supply Chain Responsibility
- 56 Contribution to Society
- 60 GRI Index

About The Report

Companies Included in the Report	Number of Employees	Area of Operation	Locations Included in the Report*
Aksa***	778	Chemicals/ Energy	Factory in Yalova and Office at Akhan Building
Ak-Kim	451	Chemicals	Factories in Yalova and Çerkezköy, Headquarters in Maçka
Akenerji	296	Energy	8 hydroelectric, 1 wind and 3 natural gas power plants across Turkey and Office at Akhan Building
Ak-Tops	258	Textile	Factory in Yalova
Akiş GYO	28	Real Estate	Office at Akhan Building
Akkök Holding**	40	Management	Office at Akhan Building

* Occupational Health and Safety and environmental data monitored and given in the Report cover the locations stated above. Performance data regarding the use of vehicles at these locations are also included in the Report.

** Throughout the Report, "Akkök Holding" implies Akkök Sanayi Yatırım ve Geliştirme A.Ş.

*** For Aksa, number of employees include board of directors.

The perspective of sustainable growth and social responsibility is a key determinant in the roadmap of Akkök Group of Companies. Within the framework of this perspective, in 2007 the Group became a signatory to the United Nations Global Compact (UNGC) Principles that play a pioneering role in extending the universal principles of the private sector for sustainable development, thus took the first step in aligning its approach to corporate responsibility with universal norms.

This is the 5th Communication of Progress issued by Akkök Group of Companies as well as the first extensive sustainability report prepared within the framework of the requirements of the C application level of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. With this Report, we have substantially enhanced the scope and contents of the Communications of Progress that we have been releasing within the scope of UNGC since 2009. The Report includes sustainability processes, policies and performance of Akkök Group of Companies. Among the issues covered are environment, supply chain responsibility, occupational health and safety (OHS), employee-oriented practices, and contribution to society. In addition, corporate governance practices and financial statements of Akkök Sanayi Yatırım ve Geliştirme A.Ş. are also given in this Report.

The boundaries of the Report cover the Companies mentioned in the table above; these companies represent the 55.4% of employees and 79% of the turnover of Akkök Group of Companies. The contents of the Report are developed based on the Sustainability Reporting Principles of GRI, which is the globally most preferred guideline in sustainability reporting. Companies within the Group operate in a variety of sectors and therefore material issues in their agendas may differ. This has caused some challenges in drawing the contents of the Report. The Report is based on numeric and verbal data that are material and available

for all or most of the Group companies. In addition to this joint approach and practices for the Group, we also included Company-based special and distinctive approaches and practices in the Report. We also considered the expectations of primary stakeholder groups of each Company. In addition to this Report, some of the Group Companies issue their own sustainability reports with a wider content and scope.

The Report contains information and data on our environmental, social, ethical, and economic practices and performance in the period between January 1st, 2012 and December 31st, 2012. With the aim of presenting the trend, we tried to use the performance figures of the last two or three years when possible. The information and data in the Report have been gathered by the Sustainability Committee comprising related representatives of Companies participating in the reporting process.

Unless mentioned otherwise, the performance data given in the Report cover the Akkök companies stated in the table above. Therefore, the words "Akkök Group of Companies" and "we" indicate consolidated data of the Companies listed in the table, unless mentioned otherwise.

This Report is prepared in line with the material issues of our Companies and expectations of key stakeholders and we, as Akkök Group of Companies, aim to regularly issue the Report by improving the scope and boundaries in accordance with the stakeholder expectations.

Our aim was to prepare a Report that reflects our performance and practices as expected by primarily our customers and investors, as well as our employees, regulatory authorities, business partners, and the society. Please contact us for all suggestions, comments and questions regarding the contents of our Report and our sustainability performance and practices.

E-mail: surdurulebilirlik@akkok.com.tr

MESSAGE FROM THE CHAIRMAN AND CEO

We, as Akkök Group of Companies, pay utmost attention to fulfilling our responsibilities in terms of working conditions, environment, human rights, and transparent corporate governance as specified by the United Nations Global Compact.

Dear Stakeholders,

We, as Akkök Group of Companies, pay utmost attention to fulfilling our responsibilities in terms of working conditions, environment, human rights, and transparent corporate governance as specified by the United Nations Global Compact.

With Companies that have a leading position in our focus industries of chemicals, energy and real estate as well as with our value added products and services, we achieved a successful performance level in 2012 by continuing our investment in advanced technologies. While supporting the stable growth of Turkey with our operations as Akkök Group of Companies, we also aimed to contribute to the socio-economic development of our society within the framework of our corporate responsibility practices. In 2007, by undersigning the United Nations Global Compact (UNGC), we implemented a number of exemplary projects in working conditions, environment, human rights, and transparent corporate governance. We are proud to share with you this Report that covers sustainability practices of Akkök Holding, Aksa, Ak-Kim, Akenerji, Ak-Tops, and Akiş GYO.

This Report is the 5th Communication of Progress that we issue as Akkök Group of Companies. It is also the first extensive sustainability report that we prepared in accordance with the "Global Reporting Initiative (GRI) Sustainability Reporting Guidelines". The Report includes the sustainability issues of corporate governance, environment, occupational health and safety, employee practices, responsibility in supply chain, and community investment.

Since our Companies operate in different areas, their material issues in terms of sustainability certainly differ.

Within the framework of transparency principle, **Aksa** has been organizing "Open Door Events" since 1999 and as of the end of 2012 the Company welcomed more than 17,000 visitors. During these events, non-governmental organizations, local communities and people, students, families of employees, customers, and local and international visitors have the opportunity to see the production areas of Aksa. By filling in the evaluation surveys given, these visitors contribute to establishing improvement strategies.

Having signed the "Responsible Care" in 1993, Aksa and Ak-Kim are among the first Turkish companies to commit to this program. Responsible Care is a program that primarily considers the protection of human life, environment and natural resources in all stages of activities and that gives particular importance to this consistently. In line with this program, **Ak-Kim** based its strategic goals for 2013-2018 on sustainability approach and adopted the goal of creating new environment-friendly products that reduce consumption of chemicals.

Investors In People (IIP) is a program that aims to create a common corporate culture in which employees can reveal their potentials and to improve company's performance and profitability by contributing to the employees' motivation and productivity. In January 2012, **Akenerji** became the first energy company in Turkey to receive the Investors in People (IIP) Certificate. During this period, the Company achieved significant improvement in a number of areas, including establishing a human and development-oriented corporate culture, improving performance management culture, and building an individual suggestion system.

MESSAGE FROM THE CHAIRMAN AND CEO



In 2012, **Ak-Tops** became the first enterprise to receive the ISO 50001 Energy Management Systems Certification within the Akkök Group and in the textile sector. Identifying the spots for energy savings within this system, Ak-Tops started to implement the action plans made accordingly. In addition, the management system established in **Aksa** in accordance with the ISO 14064-1 Greenhouse Gas Calculation and Reporting Standard was certified as "reasonable assurance" in both 2011 and 2012.

In all of its projects, **Akiş GYO** pays attention to efficient use of natural resources and energy as well as to ecological balance. As an indication of its commitment to this aim, in 2012 "Akbatı Residences & Akbatı Shopping Mall" Project applied to the green building evaluation system BREEAM for a certification.

In 2011, **Akkök Group** opened Raif Dinçök Cultural Center in Yalova, where the Company has been operating for the past 43 years, in order to contribute to the cultural development of the region. Covering an area of 10 thousand square meters, the Center organized a number of activities in 2012, most notably the first "Akkök Children's Festival" aiming to help the children in Yalova to spend quality time in line with their interests and talents as well as to support their personal development.



We, as Akkök Group of Companies, are committed to performing within the framework of sustainability in the coming years. By establishing Sustainability Committees and Subcommittees comprising representatives of Companies within the scope of this Report, we took the first step in adopting Group-based objectives and commitments and initiating joint practices accordingly. We have full confidence that our Committees will accelerate their efforts to realize these commitments. By improving our future sustainability reporting processes, we will try to provide more extensive consolidated data that reflect our Group performance.

As a Group that is nourished by an experience and expertise of more than 60 years, we hereby would like to extend our gratitude to our esteemed business partners, employees, customers, and social stakeholders for their continuous support to our operations aimed to create value for our society.

With kindest regards,

Ali Raif Dinçök
Chairman

Ahmet Dördüncü
CEO

COMPANY PROFILE

Akkök Group of Companies consists of more than 17 trade and industrial companies actively operating in mainly chemicals, energy and real estate. Our Group's success in its areas of operation is based upon its distinctive and innovative perspective, assuring know-how and financial strength. Our key principles in relations with all stakeholders –primarily employees, customers, suppliers, and shareholders– are transparency and accountability.



About AKKÖK

AKKÖK in Figures

Key Financial Indicators

Contribution to Economy

Group Companies

Company and Corporate Structure

Awards and Achievements

COMPANY PROFILE

About AKKÖK

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Akkök Group of Companies
Chemicals Aksa Akrilik Kimya Sanayii A.Ş. DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şti. Ak-Kim Kimya Sanayi ve Ticaret A.Ş.
Energy Akenerji Elektrik Üretim A.Ş. Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) Egemer Elektrik Üretim A.Ş.
Real Estate Akış Gayrimenkul Yatırım Ortaklığı A.Ş. Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. Saf Gayrimenkul Yatırım Ortaklığı A.Ş. Ak Turizm ve Dış Ticaret A.Ş.
Textile Ak-Tops Tekstil Sanayi A.Ş. Aksa Egypt Acrylic Fiber Industry S.A.E.
Services Akmerkez Lokantacılık Gıda San. ve Tic. A.Ş. Akdünya Eğitim Eğlence Sanat Yatırımları ve Dış Tic. A.Ş. Ak-Pa Tekstil İhracat Pazarlama A.Ş. Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş. Dinkal Sigorta Acenteliği A.Ş.

Note: This Report covers Akkök Sanayi Yatırım ve Geliştirme A.Ş. (Akkök Holding), Aksa Akrilik Kimya Sanayii A.Ş., Ak-Kim Kimya Sanayi ve Ticaret A.Ş., Akenerji Elektrik Üretim A.Ş., Ak-Tops Tekstil Sanayi A.Ş., and Akış Gayrimenkul Yatırım Ortaklığı A.Ş. In addition, subsidiaries of Akenerji Elektrik Üretim A.Ş., namely Akkur Enerji Üretim Tic. ve San. A.Ş. and Mem Enerji Elektrik Üretim San. ve Tic. A.Ş. are also included.

AKKÖK in Figures

With more than 3,350 employees, we, as Akkök Group of Companies, reached a combined turnover of USD 3,142 million in 2012. USD 393 million of this figure was achieved through exports to over 50 countries. As a result of the synergy created particularly in the energy industry and the activation of the renewable energy investments as well as the positive contribution of revenues from Akbatı Shopping Mall and residence sales, Akkök Group increased its combined net sales by 7% and consolidated net sales by 2%.

Consolidated Figures of Akkök Group of Companies in 2012

Number of employees::

3,350

Number of active companies:

17

Combined net sales:

USD 3,142 million

Revenue from exports to over 50 countries:

USD 393 million

Akkök's consolidated equity capital by International Financial Reporting Standards (IFRS):

TL 1,838 million

Total assets:

TL 4,066 million

Liabilities:

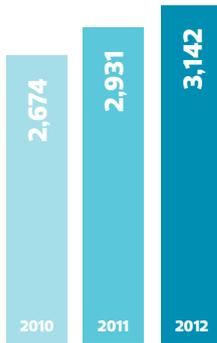
TL 2,228 million

COMPANY PROFILE

Key Financial Indicators

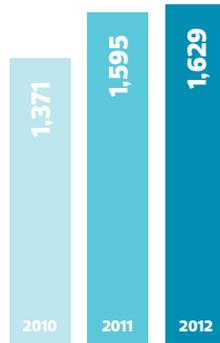
Net Sales

7.2%
INCREASE*



COMBINED
(USD million)

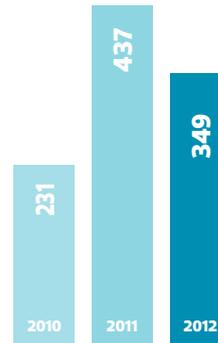
2.1%
INCREASE*



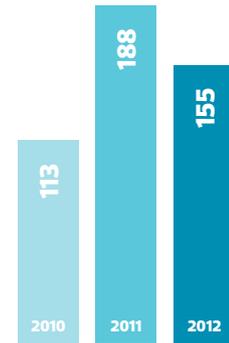
CONSOLIDATED
(IFRS USD million)

As a result of the synergy created particularly in the energy industry and the activation of the renewable energy investments as well as the positive contribution of revenues from Akbatı Shopping Mall, Akkök Group increased its combined net sales by 7% to USD 3,142 million and raised its consolidated net sales by 2% to USD 1,629 million.

EBITDA



COMBINED
(USD million)



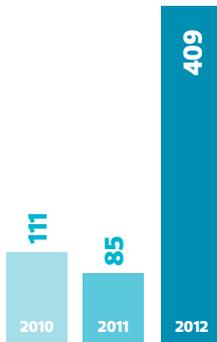
CONSOLIDATED
(IFRS USD million)

Akkök Group recorded combined earnings before interest, taxes, depreciation and amortization (EBITDA) of USD 349 million in 2012.

Akkök Group posted consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) of USD 155 million in 2012.

Net Profit

381%
INCREASE*



COMBINED
(USD million)

302%
INCREASE*



CONSOLIDATED
(IFRS USD million)

Owing to profit generated from the transfer of shares as part of the establishment of Dow Akxa joint venture, the exchange rate profit from foreign currency borrowings due to the increased value of the TL over the USD, and various real estate sales gains, Akkök Group reported USD 409 million in net combined profit and USD 169 million in net consolidated profit.

*Increase realized during 2011-2012.

Contribution to Economy

As Akkök Group of Companies, we contribute significantly to the Turkish economy by means of the employment created, payments made to suppliers, and taxes paid. Consolidated financial figures of Akkök Sanayi Yatırım ve Geliştirme A.Ş. is presented in the table below.

Values (TL Thousand)	31 December 2011	31 December 2012	Change %
Total Revenues	2.665.671	2,665,671	10%
Gross Profit	438.688	438,688	-10%
EBITDA	314.302	314,302	-12%
Operating Profit	239.753	239,753	52%
Pre-tax Profit	93.883	93,883	318%
Taxes	23.056	23,056	290%
Loss After Tax from Discontinued Operations	1.190	1,190	-90%
Net Profit	69.637	69,637	334%
Minority Interest	63.877	63,877	149%
Parent Interests	5.760	5,760	2386%
Total Assets	4.050.355	4,050,355	0%
Total Equity	1.588.993	1,588,993	16%
Equity of Parent	824.311	824,311	18%

Note: Figures are obtained from consolidated financial statements of Akkök Sanayi Yatırım ve Geliştirme A.Ş. as of the related financial year-ends, namely 31 December 2011 and 2012.

Group Companies

Akkök Group of Companies comprises 17 commercial companies and the ones included in this Sustainability Report amount to:

- 79% of the total turnover of Akkök Group of Companies.
- 55.4% of the total employment at Akkök Group of Companies.

Profiles of Akkök Group companies included in this Report are presented below:

Aksa

Established with 100% Turkish capital to meet the acrylic fiber demand in Turkey, Aksa Akrilik Kimya Sanayii A.Ş. started production in its factory in Yalova in 1971. Mainly producing acrylic-based tow, tops, and fiber, Aksa serves more than 300 local and international industrial companies in 5 continents and over 50 countries. Having proved the quality

of its brand not only as a producer but also as a technology developer, Aksa has grown 60-fold since its establishment to reach an installed capacity of 308,000 tons/year and 15% share in the global acrylic fiber market. With its investments and innovations since 1971, Aksa enabled Turkey to become the second largest acrylic fiber market after China. In 2012, DowAksa İleri Kompozit Malzemeler Sanayii Limited Şirketi was established with equal partnership of Aksa Akrilik Kimya Sanayii A.Ş. and The Dow Chemical Company. With this joint venture, the two companies started cooperation in production and global marketing of carbon fiber and carbon fiber-based products. Aksa R&D Center reinforces the reliability of Aksa brand by attaching importance to social and environmental issues and implementing efficiency-oriented process improvement practices.

COMPANY PROFILE

Ak-Kim

Ak-Kim Kimya Sanayi ve Ticaret A.Ş. was established and started production operations with sulphur dioxide in 1977. Today the company produces inorganic and organic chemical agents, textile auxiliaries, pulp and paper chemicals, concrete agents, and construction chemicals in its two high-tech facilities established in Yalova and Çerkezköy on a total area of 295,776 square meters. In its factories with an annual production capacity of 600 thousand tons in the international quality standards, Ak-Kim has been the first Turkish company to produce more than 500 diverse chemical agents, including sodium metabisulphite, ammonium persulphate, potassium persulphate, monochloroacetic acid, dimethylacetamide, hydrogen peroxide, and caustic soda (all of which require high-tech production technologies and are very significant for domestic industry) with its own engineering team. Thanks to its wide product range, the company provides raw materials for many vital sectors such as textiles, metals, food, cleaning, water treatment, paper, and pharmaceuticals both in Turkey and in the world. With an extensive distribution channel of 24 dealers, Ak-Kim sells its products to all regions in Turkey and its domestic market shares varies from 30 to 100%, depending on the product category. Amounting to 20% of the company's total sales, export operations are performed in more than 55 countries in 5 continents either directly or through agencies.

Ak-Kim has been exporting its know-how and technologies to foreign companies since 2002 and rendering all services, from engineering to turnkey contracting. International services provided include the delivery of a chlorine alkaline factory, turnkey installation of a chlorine alkaline facility (JBC) in Jordan; engineering works of a hydrogen peroxide facility in Pakistan; turnkey installation of two chlorine alkali facilities in Saudi Arabia; installation of a hydrochloric acid facility in Greece; and engineering and procurement works of a chlorine alkali facility in Algeria.

Akenerji

Akenerji started its operations in the electricity generation industry in 1989 as an auto producer group and underwent a status change in 2005 to operate under the name Akenerji Elektrik Üretim A.Ş. With a total generation capacity of 745 MW of electricity thanks to its investments, the Company is one of the largest private sector power generation companies in Turkey. The Company reached with the activation of three hydroelectric power plants successively in 2012. Including three hydroelectric power plants activated in 2012, Akenerji operates eight hydroelectric power plants (HEPP), one wind energy power plant (WEPP) and three natural gas power plants (NGPP).

With 296 employees, Akenerji operates in electricity generation, sale, imports, exports, wholesale and retail trade, and distribution; steam generation and sale; and natural gas imports, exports and wholesale trade. The Company's turnover in 2012 is TL 802 million.

Within the total energy generation capacity of Akenerji, the share of the renewables portfolio is 52% and thus the Company has the largest renewable energy share in terms of installed power among the private power generation companies with an installed capacity of over 500 MW. As another significant step, Akenerji performed the first cross-border energy trade via the European interconnected system in 2011. Akenerji has been on the list of "Turkey's 500 Largest Industrial Establishments" released by the Istanbul Chamber of Industry (ICI) uninterruptedly since 1993.

Ak-Tops

Having started operations in 1986 on a 12,500 m² facility, today Ak-Tops performs high-quality acrylic dyeing, tops-bumps and fiber cutting on an area of 86,500 m² (including 40,000 m² of indoor space). With more than 250 employees, the Company serves knitwear, fabrics, blanket and carpet industries. Ak-Tops has an annual production capacity of 206,685 tons. In addition, the mixtures of acrylic products with natural and synthetic fibers are in great demand in the market.

Akiş GYO

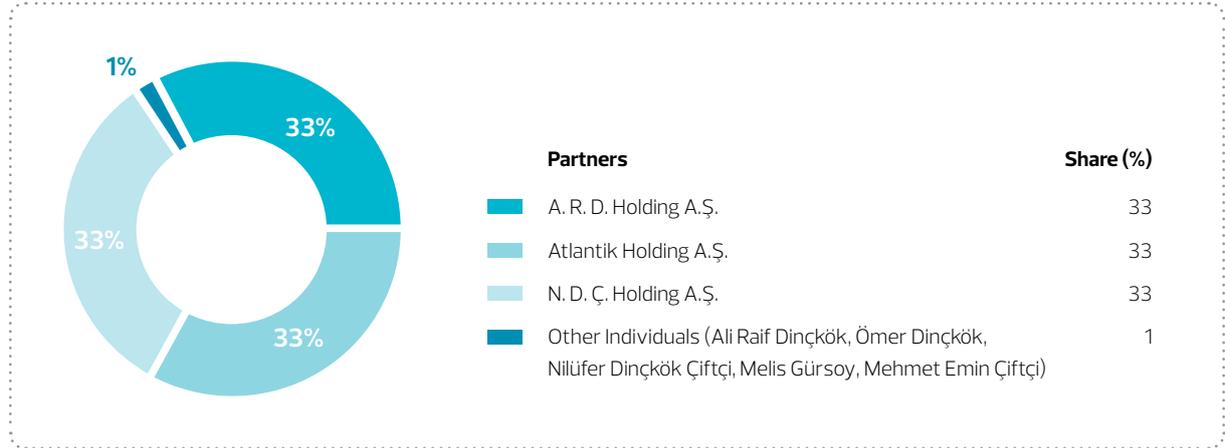
Akkök Group of Companies started operating in the real estate industry, which is defined as one of the Group's main lines of business, in 1993. By transforming the concept of shopping center into a new dimension with the construction of Akmerkez in İstanbul, the Group brought a new visionary approach to Turkish real estate. Operating since 2005, Akiş Gayrimenkul Yatırım Ortaklığı A.Ş. (Akiş GYO) soon achieved a prominent position in the industry with Akbatı Residences & Akbatı Shopping Mall and Akbatı Beyaz Kule (White Tower) projects as well as with the Akkoza and Akasya Acıbadem projects realized by subsidiaries. Akiş received the designation of Real Estate Investment Trust on May 18, 2012 upon its application to the Capital Markets Board. In 2012, Ak-Al Gayrimenkul Geliştirme ve Tekstil Sanayii A.Ş. (another Akkök company) was transferred to Akiş GYO. With this merger, Akiş GYO achieved a significant growth rate. With a wide-ranging portfolio including shopping malls, residential housing, land, and manufacturing facilities, Akiş GYO creates new investment opportunities in diverse areas of the sector via a single Company stock.

The Akbatı Project is 100% owned by Akiş GYO and comprises the four-storey Akbatı Shopping Mall with a net leasable area of 65,542 square meters and a total of 350 residences in the Blue and Green Towers. Located in close proximity to Akbatı Residences & Shopping Mall, Akbatı White Tower stands on a 3,000 square meter tract and includes 100 residential units as well as commercial areas. The Akasya project, built on a 121,000 square meter tract in Acıbadem, İstanbul, is being developed by SAF GYO, in which Akiş GYO is a shareholder. Planned for 1,357 residential units and three phases, the project also includes a shopping mall with a leasable area of 80,000 square meters. In addition to these, the first and second phases of the Akkoza Project is completed with the ordinary partnership of Garanti Koza and Akiş.

Company and Corporate Structure

Akkök Sanayi Yatırım ve Geliştirme A.Ş. is a private equity and its shares are not offered to public. Partner structure, organization chart and governance structure of the company as of 31 December 2012 are given below.

Partnership Structure



Governance Structure

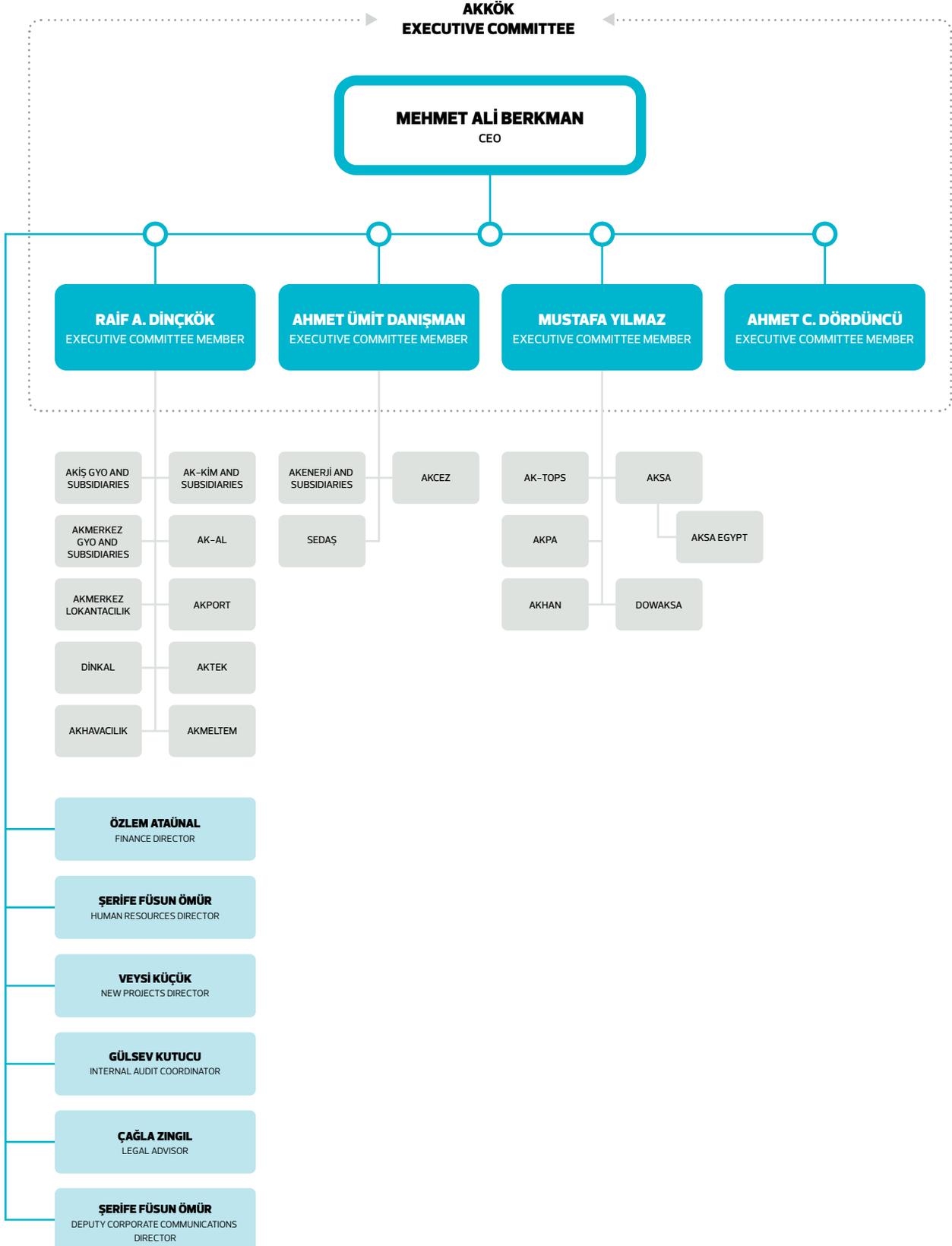
There are no distribution of roles among Akkök Board Members; all Board Members are equally and jointly responsible in all issues. An Executive Committee operates under the Board of Directors. It is the responsibility of the Board of Directors to perform transactions on behalf of the Company as well as to represent and bind the Company. Four of 10 Board Members are permanent members of the Executive Committee. Chairman of the Executive Committee is the CEO. The Chairman of the Board does not have an executive role.

List of the Board Members as of 2012 tear-end is presented below.

Name	Role
Ali Raif Dinçkök	Chairman of the Board
Nilüfer Dinçkök Çiftçi	Vice-Chairman of the Board
Ahmet Cemal Dördüncü	Board Member and Executive Committee Member
Raif Ali Dinçkök	Board Member and Executive Committee Member
Mehmet Ali Berkman	Board Member and Chairman of the Executive Committee
Alize Dinçkök Eyüboğlu	Board Member
Mehmet Emin Çiftçi	Board Member
Melis Gürsoy	Board Member
Erdoğan Moroğlu	Board Member
Mustafa Yılmaz	Board Member and Executive Committee Member

COMPANY PROFILE

Organization Chart



Awards and Achievements

The recent principal awards and achievements of Akkök Group of Companies in sustainability are presented below.

Aksa

Having started "Carbon Footprint" practices in 2010 and become the first industrial corporation to achieve this certificate, Aksa was audited in 2012 by BSI for certification of ISO 14064-1 Greenhouse Gas Management System standard. As a result of the voluntary audit, the Company was certified at the highest level, namely "Reasonable Assurance".

Akenerji

Akenerji Bozüyük Natural Gas Power Plant took part in "The Cleanest Industrial Plant Awards" contest organized by Bilecik Directorate of Environment and Urbanization to celebrate the World Environment Day on June 5th. The Plant was selected The Cleanest Industrial Plant of 2012 and was rewarded with an Environmental Certificate.

Ak-Tops

IV. International R&D Project Market Summit of the textile and pret-a-porter industry was held in Bursa on 2-3 February 2012. At the Summit organized by Uludağ Textile Exporters Association, Bursa-Eskişehir-Bilecik Development Agency and Bursa Chamber of Commerce and Industry with support from a variety of private and public institutions and with the participation of local and international universities, Ak-Tops was selected for the "R&D Award" with its projects.

Akiş GYO

In 2012, Akbatı Shopping Mall received the "Cleanest Shopping Center" award at the Cleaner Magazine's Industrial Cleanliness Awards.

With environment-friendly practices that prioritize energy efficiency, Akbatı Shopping Mall and Residences applied to the world's leading green building evaluation system BREEAM for a certification at the "Good" application level.

Akkök Holding

Celebrating its 60th anniversary in 2012, İstanbul Chamber of Industry (ICI) organized a reception on 31 May 2012, with the participation of Mr. Abdullah Gül, President of Turkey, and Mr. Hayati Yazıcı, Minister of Customs and Trade. At the reception, industrial corporations "contributing to the Turkish economy by being member to the ICI for 60 years" were rewarded. As a company that was registered at ICI in 1952 under the title Ariş San. ve Tic. A.Ş., Akkök Group of Companies received an award for its 60 years of membership.

Akkök Group of Companies was presented the "Respect for Humans Award" by the leading online recruitment corporation Kariyer.net. The criteria of the award included having at least 10,000 applications between 1 January and 31 December 2011 and at least 99% individual response rate.

At the 31st Joint Annual Conference held in June 2012 in Washington D.C. by the Foreign Economic Relations Board (DEİK)/Turkish-American Business Council and American Turkish Council (ATC), Mr. Mehmet Ali Berkman, the CEO of Akkök Group of Companies, received an award as Aksa-Chairman for the successful cooperation and vision in Aksa-Dow joint venture. This joint venture of USD 1 billion was awarded as one of the largest initiatives not only in Turkey but also in the USA.

APPROACH TO SUSTAINABILITY

We, as Akkök Group of Companies, make industrial investments that generate employment and value by considering not only today, but also the future.

The perspective of sustainable growth and social responsibility play a determining role in our Group's roadmap. Corporate governance defined in terms of openness, transparency and accountability has become a vital aspect of corporations and this governance is an integral part of the operations of all Akkök companies.



- Our Approach
- Sustainability Management
- Milestones in Sustainability
- Stakeholder Engagement
- Corporate Memberships and Initiatives Signed

APPROACH TO SUSTAINABILITY

Our Approach

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By signing the United Nations Global Compact (UNGC) that leads private sector in extending the universal principles of sustainable development in 2007, we took the first step in carrying our concept of corporate responsibility towards universal norms. By reporting our practices and achievements in terms of the ten universally accepted principles of UNGC (including environment, human rights, labor, and anti-corruption) in line with the Global Reporting Initiative (GRI) Guidelines, we realize our goal of transparency and accountability. We share our related Sustainability Report that represents the common approach of our Group with all stakeholders through a variety of communication platforms, including our corporate website.

Our Sustainability Strategy

- As one of Turkey's well-established industrial groups, we make long-term and progressive investments.
- In our investments and practices we seek environmental, social benefits that contribute to the country's economy.
- We work to create innovative and environment-friendly products that offer added value.
- We adopt a responsible, ethical and transparent manner of governance and action.

Aksa

Since its establishment, Aksa has adopted the concept of being an "efficient and environment-friendly" producer in implementing the three pillars (economic, social and environmental) of "sustainability". In time, the Company included this understanding to its mission and vision and supported these concepts with its policies and strategies. As an important aspect of corporate identity, Aksa reflects transparency and accountability on all business processes and social socially responsible initiatives. By implementing the Open Door Policy, Aksa ensures that employees can share all issues with their managers, customers, suppliers and related institutions.

Ak-Kim

Sustainability forms the basis of Ak-Kim's strategic targets for 2013-2018. Attaching special importance to environmental sustainability, Ak-Kim aims to manufacture new products that are environment-friendly and that reduce the consumption of chemicals.

Always maintaining close relationship with stakeholders, Ak-Kim prioritizes stakeholder satisfaction upon feedback received through customer and employee satisfaction surveys. Supporting the growth of not only itself, but also of the sector it operates in, the Company holds senior level positions in sectoral associations and councils and steers the sector.

BEST PRACTICE

Aksa and Ak-Kim are among the first Turkish companies to commit to "Responsible Care". Responsible Care, by definition, is a program that primarily considers the protection of human life, environment and natural resources in all stages of activities and that gives particular importance to this consistently. The idea was initially suggested by the Canadian Chemical Producers' Association in 1984; then it spread all over the world and today it is implemented in more than 50 countries. Responsible Care Program is a voluntary initiative for the chemical industry. It is coordinated by the Turkish Chemical Manufacturers Association (TKSD) in our country.

Akenerji

Akenerji supports clean and sustainable energy sources for creating a safer future for Turkey and for the world. Issues such as compliance, proper waste management, operational efficiency, auditing, and training are integrated into all processes within the Company in line with the principle of continuous improvement. Among the Company's related principles are preserving the natural capital, serving better, minimizing environmental and social risks, and making more environment-friendly production. Components of the operation strategy, namely environmental, social, economic, and ethical issues are managed in an integrated manner.

Operations of Akenerji are based upon the principles of openness, integrity and transparency. In addition to financial liabilities, it operates in full awareness of environmental, social and economic responsibilities. Thus, while making investment decisions within the scope of the environmental sustainability principle, it also aims to raise awareness in stakeholders and minimize environmental impact of operations.

APPROACH TO SUSTAINABILITY

While the basis of Akenerji's approach to sustainability is quality, environment and occupational health and safety policies, the concepts of risk management, ethics and corporate governance also play a defining role. Major components of its business strategy are compliance, high level of customer satisfaction, operational efficiency, protection of natural capital, minimizing environmental and social risks, and making more environment-friendly production.

Among the material sustainability issues for Akenerji are contributing to the reduction in greenhouse gas emissions that cause global climate change by providing energy through renewable sources, monitoring and continuous improvement of environmental and occupational health and safety performance at plants and projects, and achieving high performance.

Ak-Tops

One of the first 100 Turkish organizations to receive TS EN ISO 9001 Quality Management Systems Certification, Ak-Tops is committed to implementing these quality policies in all business processes. By obtaining the TS EN ISO 50001 Energy Management Systems Certification, Ak-Tops has become the first enterprise to be granted this designation in the Akkök Group and in the textile sector. The Company combined the quality, occupational health and safety (OHS), environmental and energy management systems under a single roof to make them easier to understand and implement. Ak-Tops efficiently implements, reviews and continuously improves the requirements of management systems in all of its business processes. The Directorate of Quality and Management Systems is responsible for efficient practice of management systems. The primary objective of Ak-Tops is to achieve a sustainable growth through process targets that are annually renewed to raise the bar.

Akiş GYO

Common grounds such as team spirit, collective thinking and sharing objectives form the basis of the sustainable success of Akiş GYO. By balancing the expectations of employees with those of the company, fairness and equal opportunity among employees is observed, sustainable success and high performance is recognized and promoted.

In full awareness of its responsibility as one of the leading companies in real estate investment trust, Akiş GYO adopts the following qualities as the main focus of its corporate social responsibility approach and sustainability: minimizing environmental impacts of its operations; observing health and safety of employees, customers and local communities; achieving maximum savings in the use of natural resources and energy in its processes and projects; protecting the environment and ecological balance on behalf of future generations.

At Akiş GYO, sustainability is governed on separate bases such as occupational health and safety, environment and human resources. The Company has one or two employees (of different positions) responsible for each issue. These employees represent Akiş GYO in committees within Akkök Holding and lead the implementation of Holding-wide projects in Akiş GYO, with guidance from related Assistant General Managers.

Sustainability Management

The components of management strategies, namely environmental, social, economic, and ethical issues, are managed separately per Company and in an integrated manner with full responsibility of CEO of each Company.

On the other hand, Group-wide sustainability strategy is the responsibility of the Executive Chairman of the Group. With the aim of identifying material sustainability issues for the Group and manage them with an integrated approach, a Sustainability Committee comprising representatives of Aksa, Ak-Kim, Akenerji, Ak-Tops, Akiş GYO, and Akkök Sanayi Yatırım ve Geliştirme A.Ş. (Akkök Holding) has been established to directly report to the Executive Chairman of the Group. This Committee contributes to the preparation of Sustainability Reports and meets periodically to work on laying the foundations of various sustainability projects.

Milestones in Sustainability

Aksa

- 1993** ISO 9001 Quality Management System Certification
- 1993** Signatory to Responsible Care
- 1995** Oeko-Tex Standard 100 Certification for Healthy Practices in Textile
- 1997** First "Social Impact" survey
- 1997** ISO 14001 Environmental Management System Certification
- 2004** ISPS Code (International Ship and Port Facility Security Code)
- 2004** Aksa Sustainable Development reporting
- 2006** Responsible Care Management System Certification
- 2006** Signatory to the United Nations Global Compact (UNGC)
- 2007** OHSAS 18001: 2007 Occupational Health and Safety Management System Certification
- 2010** ISO 14064-1 Certification (Corporation-level calculation and reporting of greenhouse gas emissions and mitigation)
- 2010** The first Turkish chemicals company with the 2009 Sustainable Development Report approved by GRI at the C application level

APPROACH TO SUSTAINABILITY

Milestones in Sustainability

Aksa

- 2011** The first and only Turkish company included in the UNGC Year Book with its "Social Awareness Campaigns" in 2011
- 2011** Practices for compliance with the Seveso Directive launched
- 2012** Turkish Standards Institution (TSI) Golden Quality Award
- 2012** Corporate Risk Management Project

Ak-Kim

- 1993** Signatory to the Responsible Care program
- 1995** ISO 9001 Quality Management System Certification
- 2004** ISO 14001 Environmental Management System Certification
- 2007** Signatory to the United Nations Global Compact (UNGC)
- 2009** OHSAS 18001 Occupational Health and Safety Management System Certification
- 2012** Biocidal certificates for 10 products
- 2012** Environmental Permit and License for Ak-Kim Çerkezköy Plant

Akenerji

- 2008** Integrated Management System: ISO 9001 Quality Management System Certification, ISO 14001 Environmental Management System Certification and OHSAS 18001 Occupational Health and Safety Management System Certification
- 2010** ISO 9001:2008 Quality, ISO 14001:2004 Environmental and OHSAS 18001:2007 Occupational Health and Safety Management System Certifications for the Headquarters, Çerkezköy, Bozüyük and Kemalpaşa power plants
- 2010** First and most comprehensive Environmental Report and Occupational Health and Safety Annual Report published and disclosed to all stakeholders
- 2011** First energy company in Turkey to receive the IIP (Investing in People) Certificate of Commitment
- 2011** First energy company in Turkey to implement the EFET (European Federation of Energy Traders) agreement
- 2011** Energy Oscar, given for the first time in 2011 at the 17th International Energy and Environment Fair and Conference (ICCI). "Best Leading Investor of the Year" award for establishing the first cogeneration plant in Turkey
- 2011** ISO 9001:2008 Quality, ISO 14001:2004 Environmental and OHSAS 18001:2007 Occupational Health and Safety Management Systems certifications for Ayyıldız Wind Power Plant

- 2011** Participation in the Carbon Disclosure Project (CDP) Turkey as one of the two Turkish energy companies that publish a CDP report
- 2012** Inclusion of Akocak, Uluabat, Burç Bendi, Bulam, and Feke II HEPPs in the ISO 9001:2008 Quality, ISO 14001:2004 Environmental and OHSAS 18001:2007 Occupational Health and Safety Management Systems certifications
- 2012** Bozüyük Natural Gas Power Plant selected the "The Cleanest Industrial Plant" and awarded with an "Environmental Certificate" within the scope of June 5th, World Environment Day
- 2012** Environmental License for Kemalpaşa Natural Gas Power Plant

Ak-Tops

- 1993** ISO 9001 Quality Management System Certification
- 2006** OHSAS 18001 Occupational Health and Safety Management System certifications (as a "first" in Akkök Group of Companies)
- 2008** ISO 14001 Environmental Management System Certification
- 2009** R&D project included in the grant scheme of The Scientific and Technological Research Council of Turkey (TÜBİTAK)
- 2009** B Group Emission License from the Provincial Directorate of Environment and Forestry, Environmental Impact Assessment (EIA) Certification from the Ministry of Environment and Forestry
- 2010** One of the 10 companies included in the voluntary agreement with the Ministry of Energy, Electric Power Resources Survey and Development Administration to reduce the energy density
- 2011** Environmental License
- 2012** The first ISO 50001 Energy Management System Certification within Akkök Group and the textile industry

Akiş GYO

- 2012** Application to the green building evaluation system BREEAM for Akbatı Residences and Shopping Mall Project
- 2012** Akbatı Residences & Akbatı Shopping Mall project was entitled to B-class "Energy Performance Certification".

Akkök Holding

- 2007** Signatory to the United Nations Global Compact (UNGC)

APPROACH TO SUSTAINABILITY

Stakeholder Engagement

Obviously, major and material stakeholders of the Akkök Group Companies included in the Report vary per Company. However, employees, customers, shareholders, and investors that have direct influence or that are directly influenced by the operations of our Companies are the most important stakeholder groups for all Companies. In addition, regulatory bodies, suppliers, local communities, local authorities, non-governmental organizations, society, media and university students are also among the significant stakeholders for our Companies.

We, as Akkök Group of Companies, get information on the expectations of our stakeholders via bilateral dialogue platforms and share our related practices with them through bi- or unilateral platforms. Among these platforms are

meetings, workshops, Open Door events, surveys, annual reports, sustainability reports and websites. Sustainability reports of each Group Company as well as this Sustainability Report that includes consolidated information on Group Companies cover primary information on the common ground of stakeholder expectations and Companies' priorities.

Group Companies share information with stakeholders regularly and accurately through updated data released on their websites, periodical press releases, monthly e-newsletters, monthly executive newspaper and news summaries. In addition to these, internal communication of employees is ensured via intranet portals, internal newsletters and publications, trainings, annual reports, and sustainability reports.

Stakeholders	Dialogue Platforms
Employees	Akenerji: "We Are the Energy" Employee Suggestion System (quality, environment and OHS suggestion system).
	Ak-Kim: Employee satisfaction survey.
	Aksa: Performance management system, employee satisfaction survey.
	Ak-Tops: Performance management system, employee satisfaction workshop, employee satisfaction survey.
Customers	Akiş GYO: Employee satisfaction survey aiming to achieve active engagement of employees in decision-making and implementation processes.
	Customer satisfaction surveys.
	A variety of satisfaction surveys are used to get information on the expectations of our customers. We build one-to-one communication via Facebook and Twitter. In addition to responding to expectations with our operations and products, social and environmental trainings, informative meetings and projects are held. Internet pages, television, newspapers, radio programs, annual and sustainability reports are used for giving information.
Aksa, Ak-Kim, Ak-Tops: Technical customer visits.	
Shareholders	Our shareholders come together with Company executives at General Assembly meetings and exercise their rights to express opinions and obtain information. Other dialogue methods include annual and sustainability reports, company websites and material disclosures.
Investors, Creditors	Akiş GYO: A variety of satisfaction surveys are used to respond to the expectations of investors. In addition to responding to expectations with operations and products, social and environmental informative meetings and projects are held. Internet pages, television, newspapers, radio programs, annual reports are used for giving information.
	Akenerji: Annual Environmental and Social Performance Monitoring Reports are regularly submitted to creditors such as the International Finance Corporation (IFC) and Industrial Development Bank of Turkey (TSKB).
Regulatory bodies	Regulatory bodies are informed via reports regarding the issues of the related industry.
Suppliers	Akenerji: Supplier assessment forms.
	Akiş GYO: Bases of the dialogue with suppliers are online portal, visits and audits.
	Ak-Kim: Supplier audits.

APPROACH TO SUSTAINABILITY

Stakeholders	Dialogue Platforms
Local communities and local authorities	Akenerji: Information on developments is exchanged with the local communities and authorities in cities where power plants operate. Brochures are prepared and distributed to explain potential dangers and protection ways for local communities.
	Aksa: Social perception survey, social advisory panel.
NGOs	Akiş GYO: The Company is entitled to make donations and aids to foundations and disaster areas exempted from taxation by the Council of Ministers; public welfare associations; non-governmental organizations; local sports clubs; scientific research and development institutions; universities and other educational institutions; and such institutions that operate in social areas including culture, arts, environment, education, etc.
Society	Aksa, Ak-Kim, Ak-Tops: "Open Door" events.
Media	Press releases and interviews.
	Akiş GYO: In line with the principles of transparent and ethical practices, media is invited to all events to inform the public and answer questions.
University students	Career days.

Note: Annual and sustainability reports create a significant information and dialogue platform for almost all stakeholders.

Corporate Memberships and Initiatives Signed

Among the major sustainability initiatives and memberships we, as Akkök Group of Companies, have include:

- **Borsa İstanbul (İstanbul Stock Exchange):** Shares of Aksa and Akenerji started to be traded at Borsa İstanbul in 1986 and 2000 respectively.
- **Responsible Care:** Aksa and Ak-Kim became signatories in 1993.
- **United Nations Global Compact:** Following Aksa in 2006, Akkök Sanayi Yatırım ve Geliştirme A.Ş. and Ak-Kim became signatories in 2007.
- **Carbon Disclosure Project:** Akenerji participated in 2011 and issued its first report.
- **Investors in People (IIP) Certification:** Akenerji obtained the certification in 2012.



ENVIRONMENT

We, as Akkök Group of Companies, show maximum effort to minimize our environmental impacts and aim to continuously improve our performance.

Although material environmental issues may vary depending on the industries that our Companies operate in, issues such as energy and water consumption, wastewater and solid water are among the areas that all Akkök Companies closely monitor and implement improvement practices.



Our Approach

Environmental Management

Compliance with Environmental Legislations

Environmental Trainings

Energy Management

Carbon Management

Water Management

Waste Water Management

Solid Waste Management

Biodiversity

ENVIRONMENT

Our Approach

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Aksa

Since its establishment, Aksa has adopted the concept of becoming an "efficient and environment-friendly" producer. By including this concept into its mission and vision statements, the Company puts this objective into effect through its policies and strategies. It aims to set an example by adopting not only legal requirements, but also voluntary initiatives. While improving efficiency with its practices in parallel with sustainability concept and operational excellence strategy, Aksa also fulfills its responsibilities towards the environment and all stakeholders through its environment-friendly production.

Ak-Kim

Sustainability forms the basis of Ak-Kim's strategic targets for 2013-2018. Attaching special importance to environmental sustainability, Ak-Kim aims to manufacture new products that are environment-friendly and that reduce the consumption of chemicals.

Akenerji

Akenerji has been working to minimize potential risks for more than 22 years, keeping in mind the environmental and social impacts of its operations. To make investments for a future of clean and sustainable energy, to prevent environmental pollution, to ensure protection of natural resources and to increase productivity with the help of advanced technological solutions are among the material environmental issues that the Company focuses on. Akenerji's principle is to achieve maximum amount of production with the minimum use of resources possible, by using modern technologies.

Ak-Tops

Ak-Tops actively implements environmental management systems in all processes and continuously reviews and improves them. The Company attaches material importance to high efficiency, high quality and low energy consumption as well as environment-friendly practices in its production operations. Firstly, efforts are made to reduce the amount of wastes and increase the amount of recycling. Wastes that cannot be reused are discharged properly. The Company has evaluated environmental impacts in all processes and taken major impacts under control.

BEST PRACTICE

In 2012, Ak-Tops became the first company to receive ISO 50001 Energy Management System Certification within Akkök Group and the textile industry. Within the scope of this system, energy saving spots were identified and included in action plans.

Akiş GYO

In all of its investments, Akiş GYO attaches importance to realize building designs that can obtain Green Building Certification and that aims at high-level energy management with Energy Performance Certification and to use environment-friendly products.

Environmental Policy of Akkök Group of Companies

We, as Akkök Group of Companies, operating mainly in chemicals, energy, real estate, textile and service sectors, adopt a sustainability approach where we are committed to:

- Continuously improving environmental impact of our processes, by preventing the impact at the source,
- Using energy and natural resources in the most efficient manner,
- Benefiting from environment-friendly technologies and best practices,
- Complying with legal and other regulations and improving such regulations,
- Cooperating with stakeholders and working to improve environmental awareness.

Environmental Management

Improving environmental performance and reducing environmental impact are material objectives of Akkök Group of Companies. We take actions to measure the impact of our operations on the environment, to take precautions and to mitigate such impacts.

Akkök Group of Companies plans to establish and activate an Akkök Environmental Committee in 2013 in order to handle and manage environmental issues in a more integrated manner. Comprising one representative of each Akkök Company included in the reporting process, the Environmental Committee will offer standard collection of indicators and data to feed the sustainability reporting process. The Committee is planned to regularly meet during the year to exchange opinions on environmental issues and especially to design common projects with industrial companies.

ENVIRONMENT

With the aim of creating a synergy and a platform for joint solutions by ensuring coordination of environmental activities of Aksa, Ak-Kim, Ak-Tops, and DowAksa in Yalova, AKCEVRE Council has been established. This Council holds monthly meetings to exchange opinions and take joint actions on environmental practices, legal liabilities, relationship with local bodies, improvement efforts, etc. Outputs of these meetings are submitted to senior executives of all Companies and thus are efficiently managed.

All factories and locations of Aksa, Ak-Kim and Ak-Tops have ISO 14001 Environmental Management System Certification. Akenerji implements certified integrated management system in 10 locations (Headquarters and Çerkezköy, Bozüyük, Kemalpaşa, Ayyıldız, Uluabat, Akocak, Burç, Bulam, and Feke II Power Plants). Feke I, Himmetli and Gökkaya Power Plants that were activated in late 2012 will be audited for certification in 2014.

ISO 14001 Certification	Ratio of ISO 14001 Certified Facility/ Power Plant/Factory (%)
Aksa	100
Ak-Kim	100
Akenerji	75
Ak-Tops	100
Total	82

82% of the industrial Companies included in the Report possess ISO 14001 Environmental Management System Certification.

Aksa

Aksa implements projects that enrich environmental, economic and social order while maintaining the balance and prioritized health, safety and environmental issues in business processes. All employees of each level and mainly the CEO take direct responsibility in this approach. With the establishment of the Department of Health, Safety and Environment (HSE) in April 2012, Aksa merged the Environmental Expertise, Occupational Health and Safety (OHS) and Office Health units under a single roof for greater efficiency. The Environmental Management Unit within the HSE Department monitors all legal and voluntary environmental practices. Through weekly meetings by directors and department heads as well as the quarterly "Executive Review" meetings chaired by the CEO, environmental practices are managed efficiently with the control and support of senior management.

Ak-Kim

Ak-Kim performs its environmental activities through the Environmental Experts and Continuous Development units that operate under the Management Systems Department. On the other hand, Occupational Health and Safety and Workplace Health units report directly to the CEO. All Ak-Kim employees are trained and competent in performing environmental as well as occupational health and safety activities; they assume responsibility and actively participate in improvement efforts. Improvement of Environmental and OHS processes are material issues; root cause analyses are performed and concluded. There are a number of committees to improve Environmental and Occupational Health and Safety processes. These include the Suggestion, Emission, Seveso (prevention of major industrial accidents), Energy Management, and OHS committees.

Akenerji

The Directorate of Environmental and Quality Management Systems monitors Akenerji's compliance with environmental regulations and legislations. The Directorate at the Headquarters in Istanbul is responsible for the operation of electricity generation plants in various cities in compliance with environmental legislations. In addition, each power plant has Environmental Representatives. Trainings of these representatives are monitored by the Directorates of Environmental and Quality Management Systems and Human Resources. All Environmental Representatives possess Quality-Environmental-OHS Management Systems internal audit certifications. On the other hand, all departments are responsible in identifying and mitigating environmental impacts caused by the operations of Akenerji.

Ak-Tops

Possessing Environmental License, Ak-Tops employs an expert with Environmental Officer Certification. The Environmental Council comprised of the representatives from the Directorates of Quality and Management Systems, Financial and Administrative Affairs, Maintenance, and Production hold periodical meetings bimonthly, chaired by the Chairman of the Environmental Council (a Management Systems Expert). All environmental practices are implemented in a way that covers all departments of Ak-Tops. The system is refreshed by suggestion, environmental alert cards, and dimension evaluation practices. The Company assesses environmental issues in all 6 Sigma, TÜBİTAK and 5S practices and takes necessary actions. The Directorate of Quality and Management Systems is responsible for all legal and voluntary issues as well as for the management of quality, OHS, environment and management systems.

ENVIRONMENT

Akiş GYO

The Investment and Planning Department is responsible for sustainability and environmental issues at Akiş GYO. In addition, the Company assigns environmental management representatives for each investment project to perform audits and manage the process of required environmental certification.

Compliance with Environmental Legislations

We, as Akkök Group of Companies, closely monitor all terms and liabilities of legislations that we are responsible for in terms of environment through a variety of sources. We cooperate with public institutions and NGOs in our areas of operation, contribute to improvement of regulations, and lead the industry in legislations. We follow updated laws and legislations via e-publications, announce new legislations and amendments that brings us new liabilities to related departments via environmental management units and ensure that necessary actions are taken for compliance, and monitor the compliance process.

Within the scope of Integrated Management Systems, compliance with Environmental Legislations is continuously monitored with internal and independent audits as well as environmental internal audits performed at least once a year by Environmental Management Units in conformity with Environmental Audit Directive.

Aksa, Ak-Kim, Ak-Tops, and Akenerji obtain environmental permits for emission, wastewater discharge, etc. that are required and that need to be renewed every five years within the framework of Regulation on the Permits and Licenses as Stipulated by Environmental Legislation.

Within the framework of the Regulation on Preventing Large-Scale Industrial Accidents issued by the Ministry of Environment and Urbanization in line with the European Union SEVESO II Directive, Aksa and Ak-Kim were identified as "high-level corporations". The process was initiated at the end of 2012.

Aksa obtained a Temporary Certification of Operation (TCO)

for emission and wastewater discharge permits, and for the vessel waste reception facility license required in line with the Environmental Permits. The Company applied for the next step of the Temporary Certification of Operation, namely the Environmental Permit, and expects to conclude the process in 2013.

Ak-Kim obtained a Temporary Certification of Operation (TCO) for emission, wastewater discharge permits, wash stripping acid recovery, and tanker washing plant license required in line with the Environmental Permits in 2012. The Company continues efforts to obtain Environmental Permits and Licenses on the areas stated above for its plants in two locations in 2013.

Akenerji obtained required certifications within the scope of the Environmental Impact Assessment (EIA) directive before activating its power plants. In addition, the Company also received Environmental Permit for emissions, wastewater disposal, etc. at the power plants that are subject to such Permits.

Ak-Tops obtained Environmental Permit for emission and wastewater discharge in 2011. The Permit will be valid for 5 years.

Akiş GYO constructs buildings that are in conformity with environment-focused laws and legislations including the Construction Law, Energy Efficiency Law, Code of Protection of Cultural and Natural Properties, İstanbul Bosphorus Law, Directive on Procedures and Principles of Identification, Registry and Approval of Protected Areas by the Ministry of Environment and Urbanization.

Environmental Trainings

Major environmental trainings provided at our industrial and energy generation companies focus on waste management, integrated management systems, environmental management systems and environmental awareness, liabilities based upon environmental legislations, energy management and efficiency, and internal auditing.

Total environmental trainings in 2012 are summarized in the table below.

Environmental Trainings per Company	Day/Year	Day/Employee/Year
Aksa	23.6	0.03
Ak-Kim	35.1	0.09
Akenerji	12.0	0.04
Ak-Tops	89.6	0.35
Akiş GYO	10.0	0.30
TOTAL	170.3	0.09

Note: 1 day is calculated as 7.5 hours.

ENVIRONMENT

Energy Management

Mainly operating in chemicals, real estate, energy, textile, and service industries, Akkök Group of Companies included in this Report consumer certain energy sources during production and management activities. Major energy sources directly consumed by Group Companies are electricity and steam in production, natural gas and coal in energy generation, natural gas in chemical agent production and heating, gasoline and diesel fuel in company service vehicles, engineering vehicles and equipment. Akkök Holding and Akış GYO's direct energy consumption is limited to natural gas in office building heating and gasoline-diesel in vehicles.

Indirect energy sources are electricity and steam. While electricity generated from non-renewable sources are intensively used in all Group Companies, Ak-Tops and Ak-Kim also consume steam. In addition, hydroelectric and wind power plants of Akenerji use renewable energy.

Aksa

Energy is critical in ensuring that Aksa continues its operations with high performance. With the natural gas-fueled power plant acquired from Akenerji in 2009 and the coal-fueled power plant investment initiated in 2010 (the first phase of which is activated in 2012), Aksa started energy generation. In this way, the Company included electricity and steam generation in its areas of operation with the aim of reaching reliable, high-quality and seamless energy sources in the most economical way. Today, Aksa has energy generation license for a total capacity of 142.5 MW.

Through the Energy Management Unit and Energy Management Council, Aksa controls its energy consumption and works on projects to reduce environmental effects. Thus, the Company's annual steam and electricity consumption targets are set and monitored daily. Energy consumption is reported every month and consumption targets are reviewed quarterly. In addition, all units within Aksa are checked in terms of energy consumption parameters. At the weekly meetings chaired by the factory directors, actions to minimize energy consumption are taken.

Ak-Kim

Energy management practices are based upon the "Regulation on Precautions to Be Taken by Industrial Institutions to Improve Energy Efficiency" issued by the Ministry of Energy and Natural Resources. Within the scope of this Regulation, there is an "Energy Management Unit" at Ak-Kim; this unit comprises department representatives and is directed by an "Energy Manager". The energy manager is selected among Ak-Kim executives. This executive has to be someone who participated and received a certificate in the Energy Manager training given by the Directorate of Renewable Energy.

Duty, capacity and responsibility of the Energy Management Unit can be summarized as developing projects for energy efficiency and savings, making required financial and technical analyses, initiating and implementing investments, communicating with all employee levels for the energy management program, giving information, and preparing training programs. At Ak-Kim's plants in Yalova, electricity and steam is purchased from Aksa, natural gas is supplied from Armagaz whereas in Çerkezköy plant electricity and steam is purchased from Akenerji and natural gas is supplied from the Organized Industrial Zone.

Akenerji

Among the material issues at Akenerji's natural gas power plants is the fuel efficiency, which also has direct impact on costs. Fuel efficiency is monitored online by the Directorate of Operations Performance and Fuel Management located at the Akenerji Headquarters. In case an abnormal value is identified in the real-time efficiency calculations in natural gas power plants, we intervene immediately and find the root cause of the problem. In addition, in order to ensure that our hydroelectric power plants operate with maximum efficiency, production programs are reviewed daily to make sure that the plants operate with optimum capacity. Operators working at power plants are also responsible for energy management.

Ak-Tops

Ak-Tops became the first company within Akkök Group and the textile industry to obtain TS EN ISO 50001 Energy Management System Certification. Founded upon the principles that corporations define their energy policies, manage their energy consumption and make improvements by evaluating their performance, ISO 50001 Energy Management System Certification contributes to efficient use of resources, protection of the environment, reducing costs, and improving energy performance. The aim of the Energy Management System at Ak-Tops is to use the resources efficiently while also making energy saving without compromising product quality.

Having assigned an energy survey for its energy management system in 2012, Ak-Tops combined all policies including the Energy Management Systems to create an integrated policy to meet the demands of each system.

Energy management practices at Ak-Tops are based upon the "Regulation on Precautions to Be Taken by Industrial Institutions to Improve Energy Efficiency" issued by the Ministry of Energy and Natural Resources. Within the scope of this Regulation, there is an Energy Council chaired by an Energy Manager/Expert. All units are represented at the Energy Council.

ENVIRONMENT

Energy Consumption

The table below presents the direct primary energy consumption by source at Akkök Group of Companies. The major energy sources used by the Company in 2012 include natural gas, import coal, diesel and gasoline.

Consolidated direct energy consumption by primary energy source			
Direct Energy Consumption (Gigajoules/year)	2010	2011	2012
Natural Gas and Coal *	5,972,526	6,776,245	6,924,686
Gasoline	3,738	4,071	7,073
Diesel	7,013	8,249	13,912
Butane (LPG), fuel oil	122	23	64
TOTAL	5,983,399	6,788,588	6,945,735

* In 2012 coal was consumed at Aksa coal-fueled power plant.

When we look at the direct energy consumption by primary energy source, we see that the Akkök Companies included in the Report used more energy in 2012 than in 2011.

The table below indicates the consumption of indirect energy, namely electricity and steam.

Indirect energy consumption by primary energy source			
Indirect Energy Consumption (Gigajoules/year)	2010	2011	2012
Non-renewable sources			
Aksa	14,346	213,454	155,450
Ak-Kim*			
Steam	633,466	575,901	547,389
Electricity	563,594	587,226	565,602
Total	1,197,060	1,163,127	1,112,991
Akenerji			
Total	14,609	13,633	18,370
Ak-Tops			
Steam	226,706	220,070	221,240
Electricity	70,407	71,482	68,055
Total	297,113	291,552	289,295
Akhan**	4,175	4,970	4,575
TOTAL (Non-renewable)	1,527,303	1,686,736	1,580,681
Renewable sources			
Akenerji			
Total	1,667	4,281	6,135
TOTAL (Renewable)	1,667	4,281	6,135
GRAND TOTAL	1,528,970	1,691,017	1,586,816

* Data on Ak-Kim's energy consumption includes the data of Maçka office.

** Akhan building consists of the Headquarters of Companies within the scope of the Report (such as Akış GYO, Akenerji, and Aksa) as well as the Group Companies not included (such as DowAksa and Akpa). Akhan Building Management keep consolidated records of these data. Therefore consumption data (e.g. energy and water) are given in consolidated figures under the name of Akhan. Water and energy consumption data of Akış GYO and Akkök Holding are included in Akhan's data. Data regarding Akenerji power plants are given under the title "Akenerji" and data of the Headquarters is given in "Akhan" part. The same applies for Aksa.

ENVIRONMENT

In terms of non-renewable indirect energy consumption, when Aksa started manufacturing carbon fiber in 2011, energy consumption increased. However, with the activation of the coal plant in 2012 and therefore auto-production capacity increased, amount of purchased energy decreased. We see a reduction in the non-renewable energy consumption of Ak-Kim and Ak-Tops. The main reason is

the energy efficiency practices at factories. Akenerji uses renewable sources for its WEPPs and HEPPs. Renewable energy consumption has shown significant increase in time.

The consolidated amount of "Direct" and "Indirect" energy consumed annually at Akkök Group of Companies is presented in Gigajoules in the table below.

Energy Consumption (Gigajoules/year)	2010			2011			2012		
	Direct	Indirect	Total	Direct	Indirect	Total	Direct	Indirect	Total
TOTAL	5,983,399	1,528,970	7,512,369	6,788,588	1,691,017	8,479,605	6,945,734	1,586,816	8,532,551

Total energy consumption at Akkök Group of Companies increased in 2012 compared to 2011. With the vision of maximizing operational excellence Aksa invested in technology and increased its capacity use to 95% in 2012 and thus consumed more energy.

Energy Saving

Operating in industries that consume considerable amount of energy sources, we, as Akkök Group of Companies, implement a number of projects that improve energy efficiency and ensure energy saving at each Company. Our manufacturing Companies monitor technology closely and evaluate energy consumption and efficiency aspects that have a key role in protection of resources and in our costs. Practices aimed at improving energy efficiency of existing equipment or processes and reducing energy consumption are fundamental issues. While purchasing new equipment or transforming processes, we review the energy consumption data of the equipment and implement projects to reduce dependence on energy sources even at the process design phase.

We, as Akkök Group of Companies achieved a total energy saving of 173,357 GJ in 2012.

Aksa

The Company saved 139,044 GJ/year energy in 2012 thanks to the significant projects realized within the scope of the operational excellence strategy.

Ak-Kim

In 2011 and 2012, Ak-Kim started to reap the fruits of its energy saving projects that it initiated in January 2011 and still actively implements. Thanks to these projects, a total of 2,472,350 kWh electricity and 20,692 GJ/year energy (equivalent to 7,390 tons/steam) was saved in 2011. With new practices, an extra of 1,120,000 kWh/year (4,032 GJ/year) electricity was saved in 2012

Akenerji

While performing its operations, Akenerji aims to achieve its goals for energy efficiency and mitigation of carbon emissions. The Company's natural gas power plants that operate as balancing units within the scope of the Balancing and Reconciliation Regulations work on the basis of cost-based Market Clearing Price. As bidding method for especially natural gas power plants is cost-based, bids are made depending on the capacity generated at high efficiency level to keep the plant going. To ensure that Akenerji's hydroelectric power plants operate at the most efficient level, their daily production programs are reviewed for optimum capacity.

Ak-Tops

With the energy management system established, Ak-Tops achieved an energy saving of 30,281 GJ/year in 2012.

Akiş GYO

Akiş GYO takes energy efficiency into consideration in all of its projects. In each project, energy saving is a fundamental aspect. For instance, the micro-processes integrated in the cooling system of Akbatı project aim to achieve energy efficiency. All fluorescent lamps have electronic high-frequency ballast. Inside the houses energy-efficient lamps and white goods are preferred (e.g. all refrigerators are A+). Akiş GYO builds charging stations in every project to support the use of hybrid vehicles.

ENVIRONMENT

● BEST PRACTICE

As a 100% Akış GYO project, in 2012, Akbatı Residences and Shopping Mall applied to the "green building" evaluation system BREEAM (Building Research Environmental Assessment Method) for a certification at the "Good" application level. BREEAM assesses the criteria of management concept, healthy living, energy efficiency, transportation convenience, water management, material resources, waste management, ecology, and environmental pollution. Akış GYO also obtained the B Class Energy Performance Certification (a new practice in Turkey) in 2012. Akbatı Residences and Shopping Mall will be one of the first malls to have BREEAM and Energy Performance Certifications.

In order to reduce the burden of heating and cooling, air conditioners operate in lower capacity at Akbatı Residences and Shopping Mall. Among other precautions are argon-filled high-insulation thermopanes that have a high level of shading and high-insulation façade systems.

Akhan

Precautions to reduce energy consumption are implemented at Akhan. Electricity consumption has been minimized with energy-saving lighting fixtures. Office employees are encouraged to benefit from service buses instead of driving personal vehicles.

Carbon Management

We, as Akkök Group of Companies, consume a significant amount of renewable and non-renewable energy. Directly consumed energy sources (namely natural gas, coal, diesel, and gasoline) and indirectly consumed electricity and steam cause greenhouse gas emissions. It is acknowledged that greenhouse gas emissions cause climate change, which is a global problem. Therefore we attach great importance to monitoring and controlling greenhouse gas emissions.

Greenhouse gas emission data are available for Akenerji and Aksa within the scope of this first Sustainability Report. We aim to include other Group Companies in future reports. The table below shows the CO₂-equivalent of greenhouse gas emissions of Akenerji and Aksa in 2012.

Greenhouse Gas Emission Amounts	
Direct Greenhouse Gas Emissions	Amount (ton CO ₂ -e)
Aksa	806,943
Akenerji	616,737
Total	1,423,680
Indirect Greenhouse Gas Emissions (ton CO ₂ -e)	
Aksa	27,455
Akenerji	961
Total	28,416
GRAND TOTAL	1,452,096

Note: Data regarding Akenerji are obtained from Akenerji CDP 2012 Report.

Note: Data regarding Aksa are confirmed by independent auditors during ISO 14064 certification process.

Aksa

Operating with an energy generation capacity of 142.5 MW, Aksa produces electricity and steam. Consuming a part of this electricity and steam for its own processes, the Company also supplies these sources to its sister companies in Yalova (namely Ak-Kim and DowAksa). The excess energy is sold to the grid. Aksa uses calculation methodology based upon the fuel consumed to achieve greenhouse gas data. The resulting CO₂-equivalent tons of greenhouse gas emissions amount to the energy it consumes and sells to sister companies and the grid.

Aksa reinforces its leading role in environment-friendly

practices through its efforts in combating global climate change. Aksa has been the third company and the first industrial company in Turkey to be certified by ISO 14064-1 Greenhouse Gas Calculation and Reporting Standard. Although carbon footprint practices are not yet a legal liability in Turkey, Aksa started working on this issue in 2010. The Company's management system based upon the 2010 carbon inventory calculated in line with ISO 14064-1 and its "Greenhouse Gases Inventory Report" was certified as "reasonable assurance" in accordance with ISO 14064-1 standard by BSI. Aksa maintained the same successful performance in 2011 and 2012 and thus earned the "reasonable assurance" certification in both years.

ENVIRONMENT

In order to make more practical and effective inventory calculations within the scope of the Greenhouse Gases Management System, Akxa held a joint project with its sister company Aktek in 2011. With this project, inventory calculations are digitalized and regularly and securely entered into the system. In addition, this system allows calculation of greenhouse gas emissions per product or unit within any given period. Using this data, greenhouse gas reduction goals are set in the Company's annual performance objectives and related projects are designed.

Akenerji

Akenerji attaches great importance to monitoring, control and mitigation of greenhouse gas emissions. Almost all of the direct greenhouse gas emissions are created due to the burning of natural gas in the Company's natural gas power plants. In addition, diesel fuel consumed by leased vehicles and natural gas used for heating in buildings cause minor amounts of direct greenhouse gas emissions. Indirect greenhouse gas emissions result from the electricity consumed at the offices in Ankara and İstanbul.

As energy sources consumed may vary and occasionally electricity is purchased from the grid, detailed data collection is required to be able to calculate the greenhouse gas emissions resulting from the electricity consumption at power plants. Akenerji plans to include the greenhouse gas emissions of electricity consumption for internal uses at power plants in the data to be used in 2013 Carbon Disclosure Project and Akenerji Sustainability Reports.

Water Management

We, as Akkök Group of Companies, consume water in our production processes at factories and power plants as well as in Headquarters to meet hygiene, cleaning and watering need. The source of the water used varies depending on the geographical location of factories, power plants and offices. These sources are either dams, city water or wells. The water consumed is recorded on the basis of m³ figures stated in bills and water meters.

As a significant parameter of environmental performance, water consumption is monitored in line with annual efficiency goals and projects to reduce consumption are designed. In full awareness of the fact that water sources are as important as water saving, Akkök Group of Companies aims to protect ground waters that take long years to form and minimize the use of such waters to maintain natural balance.

Cooling water causes a certain part of water consumption. In the closed circuit system at Akxa, sea water is used for cooling and this water is then returned to the sea. Some addition may be required due to natural evaporation. Çerkezköy and Bozüyük power plants of Akenerji use open circuit cooling water cycle, whereas Kemalpaşa power plant has closed circuit cooling water cycle. The cooling water system at Ak-Kim is a closed circuit one that does not consume any water. However, due to natural evaporation in time some water may be added to the system. Ak-Tops does not use any cooling water.

As seen in the table below, water consumption varies per Company. Akenerji and Ak-Tops achieved a noticeable reduction thanks to a variety of water saving measurements.

Water Consumption (m ³ /year)	Source	2010	2011	2012
Akxa	City water + Well	2,569,867	2,724,455	2,983,614
Ak-Kim*	Dam	561,980	596,990	687,050
Akenerji (power plants at all operational units)	City water + Well + Natural water	1,386,420	1,418,976	1,227,235
Ak-Tops	City water	312,739	308,518	283,196
Akhan**	City water	n/a	n/a	4,230
TOTAL		4,831,006	5,048,939	5,185,325

* Ak-Kim data include the consumption figures of Maçka office.

** The figure includes water consumption of Akkök Group of Companies (including Akxa, Akenerji, Akış GYO and Akkök Holding) at the building. n/a= not available

Companies	Water consumed per product (m ³ /ton product year) – 2012
Akxa	10.20
Ak-Kim	1.07
Ak-Tops	7.70

ENVIRONMENT

Akiş GYO uses products that reduce water consumption (such as photocell taps and double-phase flash tanks) in its projects. In addition, the rainwater at the rooftop of Akbatı Residences and Shopping Mall is accumulated in a 400-ton tank within the Mall and used for watering the landscape. Drip irrigation, which is an efficient method of watering, is used in landscapes to minimize water consumption.

Waste Water Management

As Akkök Group of Companies, we discharge waste water in line with the criteria and methods described in national and local (organized industrial zone) directives. Since Akiş GYO and Akkök Holding consume water only in offices and thus generate less waste water compared to other Group Companies consuming water at facilities, their waste water amounts are not included in the table below.

Production areas of Aksa, Ak-Kim and Ak-Tops in Yalova are completely surrounded by waste water delivery pipes. Industrial waste water, field wash waste water in units, and domestic waste water generated at offices, cafeterias and other recreational areas reach the related Company's waste water treatment facility. At these facilities, all domestic and industrial waste water is treated in accordance with regulations, using high-efficiency and high-tech treatment technologies. Water is until it reaches values well below the limits stated in the Water Pollution Control Directive and then

it is discharged into the Marmara Sea within the scope of the Environmental Permit.

Pollution burden created at waste water treatment facilities due to production processes is continuously kept under control at source, by operating automated processes and improving training-awareness level of employees, efficient monitoring and communication.

Except for the Kemalpaşa Natural Gas Power Plant, domestic waste water of all other Akenerji plants is collected in cesspools and then drawn by sewage trucks of municipalities or licensed institutions. Domestic waste water at the Kemalpaşa Power Plant is discharged to the common sewage channel of Kemalpaşa Organized Industrial Zone.

At Akenerji natural gas power plants not only domestic waste water but also process waste water and turbine wash water is generated. Çerkezköy and Kemalpaşa Natural Gas Power Plants are located within Organized Industrial Zones (OIZ) and therefore process waste water is discharged to the waste water infrastructure of the OIZs. Process waste water of both plants is in compliance with the discharge criteria of the OIZs. At Bozüyük Power Plant, process waste water is discharged to the stream after all discharge standards are ensured. Turbine wash water of these three plants are collected and delivered to the licensed disposal institution. Analyzed waste water samples taken from Akenerji power plants reveal that such waste water is below the limits set by the Water Pollution Control Directive.

Total water discharge by quality and destination				
Waste Water Discharge (m ³ /year)	Place of Discharge	2010	2011	2012
Aksa	Marmara Sea after treatment facility	2,372,500	2,445,500	2,463,750
Ak-Kim	Marmara Sea after treatment facility	213,470	201,750	203,900
Akenerji	Process water: In Çerkezköy and Kemalpaşa, Organized Industrial Zone Waste Water Infrastructure In Bozüyük, Kocadere River	130,414	123,146	123,083
	Turbine wash water: licensed disposal institution	9	26	12
Ak-Tops	Marmara Sea after treatment facility	380,825	413,906	441,555
TOTAL		2,746,581	3,184,328	2795,751

Note: The quality of waste water discharged by Akkök Group of Companies is below the limits set by related directives.

Note: Hydroelectric and wind power plants do not generate process-caused waste water. Domestic waste water is collected by sewage trucks and discharged to locations deemed proper by the Environmental Legislation through municipalities or licensed institutions.

ENVIRONMENT

Solid Waste Management

We, as Akkök Group of Companies, aim to reduce our wastes, collect them at source and dispose them according to their nature. There are three major disposal methods: recycling-recovery-reuse, landfill and incineration.

Waste management system is based upon:

- Identifying sources and preparing waste maps,
- Monitoring amounts and changes,
- Reducing wastes and preventing pollution,
- Benefiting from recovery, reuse or disposal,
- Taking actions to cut costs and increase revenues,

- Planning the processes of sorting at source, collecting, temporary storing, and transferring,
- Arranging proper waste containers, collecting tools/ equipment and temporary storages,
- Documenting the arrangements and systems,
- Recording and reporting the data related to the systems established,
- Improving the systems.

The table below includes the disposal methods and total waste amounts of 2012 by type and company. Amount of waste is measured regularly and reported to related public institutions.

Total Solid Waste by Disposal Methods (Tons)	Recovery	Landfill	Incineration
Aksa	23,069.6	1,107.1	1,562.9
Ak-Kim	521.6	493.0	432.7
Akenerji	35.5	0.05	0.0
Ak-Tops	82.5	0.0	34.0
Akhan	1.8	0.0	0.0
TOTAL	23,711	1,600	2,030

Total Waste Weight by Type (Tons)	Hazardous Wastes	Non-hazardous Wastes
Aksa	1,681	24,059
Ak-Kim	577	871
Akenerji	31	4
Ak-Tops	45	72
Akhan	0	1.8
TOTAL	2,334	25,008

As a fundamental principle, Akkök Group of Companies adopt a waste management system that respectively includes preventing, reducing, sorting at source and collecting, and recovery of wastes. With this purpose, we identify waste sources, monitor amounts and changes, reduce the amounts, prevent pollution, evaluate recovery-reuse-disposal alternatives, take cost-cutting and revenue-increasing actions especially at our industrial facilities and power plants.

These practices are performed by related units within each Company in cooperation. At Aksa, Ak-Kim, Akenerji, and Ak-Tops, targets about reducing wastes and preventing pollution are integral parts of the environmental Management Program. All wastes generated at factories, power plants and headquarters are recycled or disposed through licensed institutions authorized by the Ministry of Environment and Urbanization, under the supervision of related units within Companies.

● BEST PRACTICE

Ak-Kim uses Hydrochloric Acid during galvanized coating. During metal surface coating processes, the polluted solution becomes waste. This solution, named Ferric II chloride or decayed acid, is collected in vehicles licensed by the Ministry of Environment and Urban Planning and then used to produce Ferric III Chloride. This type of chloride is processed to become a product and thus recovered. Annual recovery is approximately 5,000 tons.

● BEST PRACTICE

At Akhan building where Akenerji Headquarters is located, with the initiative of Akenerji and support of other Group Companies, waste batteries are being sorted and collected.

ENVIRONMENT

● BEST PRACTICE

Electronic wastes (including waste cartridges) at Akenerji Headquarters and power plants are collected and recycled by licensed disposal institutions.

Biodiversity and Natural Habitats

Within the scope of impacts on conservation areas and biodiversity, new plants or capacity increases in existing plants may be subject to Environmental Impact Assessment (EIA) as required by the Environmental Law. In projects that are subject to EIA, all aspects of biodiversity are taken into consideration, measures to mitigate potential negative effects are identified and goals are set.

None of the Akkök Group Companies, except for Akenerji, causes significant impact on biodiversity as these are located in industrial zones. Akenerji implemented EIA in the design phase of its three Natural Gas Power Plants (NGPPs), one Wind Energy Power Plant (WEPP), and eight Hydroelectric Power Plants (HEPPs) that are operational as of the end of 2012. To avoid any negative impact on the natural ecosystem in which the plants are located, the Company took necessary precautions and executed legal procedures during operation and investment phases. Although Ayyıldız power plant did not require EIA, Akenerji monitored the plant's impacts on wildlife. Bird monitoring reports made in 2011 and concluded as they delivered positive results are an example of such initiatives.

● BEST PRACTICE

In order to achieve biodiversity in projects, Akiş GYO identifies the native plants of project locations and contributes to ecologic diversity by introducing new plants, without damaging the existing natural habitats. Precautions to protect green areas include uprooting trees and replanting them in suitable areas after construction, building green walls, limiting the share of residential areas to maximum 40% of the net available surface area without compromising the integrity of master plan. For instance, Akbatı Residences and Shopping Mall offers a living space nested within nature thanks to 300 m² of internal vegetation, green areas of 17,000 m² with 100 different plant types, terrace gardens at apartments, and a green wall of 200m². Although there are drainage wells to meet the water needs of green areas, especially drought-tolerant plants that require less water are preferred.

Protected or Improved Natural Habitats

As Akkök Group of Companies, we assume responsibility in protecting the environment and minimizing our impact during our operations. In full awareness of the facts that forests are carbon sinks that ensure absorption of greenhouse gases, Akkök Group of Companies performs afforestation projects.

Aksa

Since its establishment in 1968, Aksa has put its signature under a number of projects to improve forests by using plants and saplings grown in its own greenhouse and to combat soil erosion. Within the scope of this awareness level, every year Aksa distributes the plants and saplings at its greenhouse to participants of Public School or Open Door events and to those who wish to plant a tree. In 2011-2012, approximately 4,000 saplings were delivered to nature-lovers free of charge.

Ak-Kim

The Company has a 2,500-tree memorial forest in two locations in Yalova (in Denizçalı since 1998 and in Subaşı since 2001). In addition, Ak-Kim makes donations to a non-governmental organization for planting trees to celebrate the birthdays of each employee and thus contributes to biodiversity.

Akenerji

Akenerji planted 7,400 and 1,550 saplings in 2010 and 2011 respectively for afforestation of the regions of Akocak and Uluabat HEPPs with the aim of contributing to the improvement of wildlife.

Ak-Tops

Since its establishment, Ak-Tops planted 1,618 trees together with its employees.

Akiş GYO

Akbatı Residences and Shopping Mall contains a Life Market within its Life Platforms. Revenues generated at this market has been donated to the TEMA Foundation (The Turkish Foundation for Combating Erosion Reforestation and the Protection of Natural Habitats) with the aim of contributing to wildlife. Akiş GYO also donated 600 saplings to the Manisa Salihi Gökkoç Memorial Forest again through the TEMA Foundation.

EMPLOYEES

As Akkök Group of Companies, our human resources policy is to create a creative and people-oriented culture that is based upon democracy, flexibility and teamwork; that aims to improve employee loyalty; and that emphasized the importance of “knowledge and people” in order to support our corporate objectives.

Our participatory, human-respecting approach as well as our responsibility as a corporate citizen and our sensitivity towards the environment and people shape our human resources policy and all operational processes.



- Human Resources Policy
- Employee Profile
- Selection and Recruitment
- Trainings
- Performance Management
- Talent Management
- Total Reward Management
- Internal Activities and Communication
- Employee Engagement
- Employee Motivation

EMPLOYEES

Human Resources Policy

As Akkök Group of Companies, our human resources policy is to create a creative and people-oriented culture that is based upon democracy, flexibility and teamwork; that aims to improve employee loyalty; and that emphasized the importance of "knowledge and people" in order to support our corporate objectives.

While implementing our human resources policy, we follow the basic steps stated below.

Organizational Development	: We provide equal opportunities for everyone.
Selection and Recruitment	: We match the right person with the right task.
Salary Management	: We adopt fairness in salary, based upon performance.
Performance Management	: We evaluate success based upon performance and competence; we improve productivity by creating motivation and loyalty.
Recognition and Rewarding	: We timely recognize and appreciate success.
Industrial Relations	: We cooperate by ensuring continuity of a peaceful environment within the industry.
Communication	: We provide timely, accurate, transparent and multi-directional information.

Our participatory, human-respecting approach as well as our responsibility as a corporate citizen and our sensitivity towards the environment and people shape our human resources policy and all operational processes.

Significant operational changes to affect employees

Significant operational changes that might affect our employees are announced within the reasonable notice stated in related laws. At Akkök Group, operational decisions are implemented in accordance with the Personnel Directives prepared on the basis of the Labor Code and

related regulations. The reasonable notice stated by the laws is performed within the manner and time given in the Personnel Directives. Significant changes such as salary change, workplace change, secondment, substitution, additional duty, temporary working relationships are declared in writing by the Human Resources Department and employees accept the receipt of these notifications.

Goals and Commitments

Commitments set for Akkök Group of Companies in terms of human resources and the 2012 assessment are presented below.

Commitment	2012 Assessment	Future Goals
Employee Satisfaction and Loyalty Survey	Aksa, Ak-Tops and Ak-Kim periodically hold employee loyalty, satisfaction and enthusiasm surveys. These surveys reveal the strengths and areas to be improved. Thus, actions to support company objectives are taken.	After 2014, employee satisfaction and loyalty surveys will be held in all Group Companies within a plan.
Trainings and Improvement Activities	In line with Company strategies, needs are identified through performance management system outputs, personal development and learning needs, changing roles and duties, trainings required by regulations, and certification system trainings. These are transformed into an annual training and improvement plan.	As of 2014, Mosaic Training and Improvement module (*) will be cascaded within Group Companies. This module will ensure that employee groups within the scope assume their own improvement responsibilities.

EMPLOYEES

Commitment	2012 Assessment	Future Goals
Training and Improvement Activities for Common Improvement Areas	<p>Since 2010 "Managing Today's Business" Program has been run.</p> <p>In 2012, 76 employees from the Group Companies within the scope of this Report participated in the program that offers practical and extensive business management experience.</p> <p>"Akkök Orientation Program" aims to accelerate adaptation of new employees, improve efficiency, encourage teamwork, and achieve networking of employees of different Group Companies. In 2012, 17 employees from the Group Companies within the scope of this Report participated in the program.</p>	We aim to increase the number of training and improvement activities for common improvement areas in 2014. These may include English, leadership, talent development trainings and mentor-mentee programs.
Building a Common Performance Management System	In line with the HR vision set in 2011, Group Companies came together in 2012 to redesign the Performance Management System and transfer the system to a web-based integrated platform.	Mosaic Training and Improvement module that was first implemented for employee groups within the scope in 2013 will be extended to all Akkök Group Companies by 2015.
Ethical Principle Management	Within the scope of the Corporate Governance Project, ethical values in Group Companies were reviewed and combined.	We will implement the Ethical Principles Management System throughout the Akkök Group of Companies in 2014.



(*) Mosaic (Mozaik) is a common online HR platform established to ensure that human resources processes are implemented in a standard and systematic manner throughout Akkök Group and to build a corporate memory.

Employee Profile

Employee profile as of 2012 year-end in the Akkök Group Companies included in this Report is as follows:

- Aksa: Total number of employees is 778; average age is 34.1; average year of seniority is 7.74.
- Ak-Kim: Total number of employees is 451; average age is 36.4; average year of seniority is 8.6.
- Akenerji: Total number of employees is 296; average age is 35; average year of seniority is 5.20.
- Ak-Tops: Total number of employees is 258; average age is 34.4; average year of seniority is 7.2.
- Akiş GYO: Total number of employees is 28; average age is 36; average year of seniority is 7.
- Akkök Holding: Total number of employees is 40; average age is 41.6; average year of seniority is 9.6.

Breakdown of Employees at Akkök Group of Companies

Number of Employees and Share in Total Number of Employees	2010		2011		2012	
	Number of Employees	Share in Total Number of Employees %	Number of Employees	Share in Total Number of Employees %	Number of Employees	Share in Total Number of Employees %
Companies						
Aksa (*)	910	47.5	945	47.2	778	42.0
Ak-Kim	391	20.4	429	21.4	451	24.4
Akenerji	302	15.7	302	15.1	296	16.0
Ak-Tops	263	13.7	263	13.1	258	13.9
Akiş GYO	17	0.9	27	1.4	28	1.5
Akkök Holding	35	1.8	36	1.8	40	2.2
Total Number of Employees	1,918	100	2,002	100	1,851*	100

(*) Carbon fiber operations of Aksa are decided to be partially separated through in-kind capital. The transfer of shares to a new joint stock company was approved by the Extraordinary General Assembly held on 28 December 2011 by the partners and in line with this decision, Aksa Karbon Elyaf A.Ş. was established on 2 January 2012. The main reason for the change in the number of employees is this separation.

Note: Figures are as of 31 December of each related year.

EMPLOYEES

Companies that are included in this Report employ 55.4% of all of our employees. As of 2012 year-end, all Akkök Group Companies employ a total of 3,341 people.

Number of Employees by Work Contract

All of Akkök Group Companies operate on an indefinite-term contract basis. Within the scope of the Personnel Directives, if the work to be performed is temporary, candidates may be employed for definite-term contracts up to 24 months. In this case, the contract terminates at the end of the term, without any notification.

Number of employees by work contract at Akkök Group Companies included in this Report is presented in the table below.

Number of Employees by Work Contract	2010	2011	2012
Indefinite-term contract	1,812	1,904	1,816
Definite-term contract	106	98	35
Total	1,918	2,002	1,851

Note: Figures are as of 31 December of each related year.

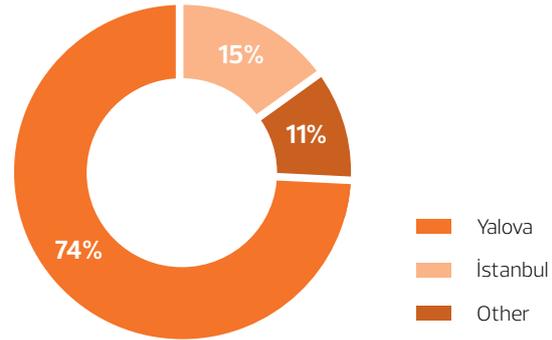
Number of Employees by Region

As seen in the table below, as of 2012 year-end 74% of Akkök employees work in Yalova, whereas 15% and 11% work in İstanbul and other locations respectively. Other locations especially include Adana, Hatay, Ankara, İzmir, Bilecik, Tekirdağ, Trabzon, Bursa, Adıyaman, and Balıkesir, where Akenerji operates power plants.

Number of Employees by Region, 2012	Number
Yalova	1,372
İstanbul	272
Other	207
Total	1,851

Note: Figures are as of 31 December of each related year.

Share of Employees by Regions (2012)



Number of Employees by Positions

At Akkök Group of Companies, there are 4 different employment positions: senior management, mid-level management, non-managing white collars, and operational personnel. Senior management includes general managers, assistant general managers and directors. Mid-level management means managers, assistant managers and supervisors. Non-managing white collars comprise specialists, engineers and assistant specialists. Operational level means operators and technicians. In all of the Akkök Companies within the scope of this Report, positions are structured in this way.

Number of Employees by Positions	2010	2011	2012
Senior Management	48	54	49
Mid-level Management	135	152	156
Non-managing White-collars	314	344	342
Operational Level	1,421	1,452	1,304
Total	1,918	2,002	1,851

Note: Figures are as of 31 December of each related year.

EMPLOYEES

Supervised Workers

At Akkök Group of Companies there is a significant number of "supervised workers". These are employees that work in our Companies through our suppliers and therefore they are not our permanent employees. These employees include those who work at the cafeteria, cleaning and security at Akenerji; cafeteria, cleaning, service and construction, installations and painting at Ak-Kim; projects, packaging and transportation at Ak-Tops; and investments and projects at Aksa. Akkök Holding and Akiş GYO do not use supervised work.

Number of Supervised Workers	2010	2011	2012
Aksa	250	211	216
Ak-Kim	106	127	124
Akenerji	112	116	140
Ak-Tops	43	40	43
Akiş GYO	0	0	0
Akkök Holding	0	0	0
Total	511	494	523

Note: Figures are as of 31 December of each related year.

Gender Distribution by Positions

The gender distribution of Akkök Group employees included in this Report is presented in the table below. Rate of female employees increased in previous years: 14.8% in 2010; 15.3% in 2011; and 16.1% in 2012.

The rate of female employees decreased in senior management, but increased in mid-level management. The rate of female employees in the mid-level management increased from 20.1% in 2010 to 23.6% in 2011 and to 26.7% in 2012. Rate of female employees in non-managing white-collar group has also increased in recent years.

Gender Distribution by Positions	2010				2011				2012			
	Male		Female		Male		Female		Male		Female	
Positions	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number
Senior Management	75.0	36	25.0	12	77.8	42	22.2	12	79.6	39	20.4	10
Mid-level Management	79.9	107	20.7	28	77.7	115	24.3	37	73.1	114	26.9	42
Non-managing White-collars	65.7	207	34.1	107	65.1	224	34.9	120	62.9	215	37.1	127
Operational Level	90.4	1,285	9.6	136	90.6	1,315	9.4	137	90.8	1,184	9.2	120
Total	85.2	1,635	14.8	283	84.7	1,696	15.3	306	83.8	1,552	16.2	299

Note: Figures are as of 31 December of each related year.

EMPLOYEES

Age and Seniority Distribution by Positions

The age and seniority distribution of Akkök Group employees included in this Report is presented in the table below. Especially as a result of the new-graduate employment program implemented in 2012 at Akenerji, number of employees under the age of 30 increased significantly.

Age Distribution by Positions (%)	2010			2011			2012		
	Under 30	30-50	Over 50	Under 30	30-50	Over 50	Under 30	30-50	Over 50
Senior Management	4.2	43.8	52.1	3.7	46.3	50.0	2.1	52.1	45.8
Mid-level Management	2.2	73.3	24.4	2.6	77.0	20.4	3.8	75.6	20.8
Non-managing White-collar	39.2	54.1	6.7	37.0	55.7	7.3	40.2	53.4	6.4
Operational Level	32.7	64.4	3.0	32.0	65.5	2.5	28.3	69.4	2.3
Total	30.9	62.8	6.3	29.9	64.2	5.9	27.8	66.5	5.7

Note: Figures are as of 31 December of each related year.

Distribution of Seniority Groups by Positions (%)	2010				2011				2012			
	0-3 years	4-7 years	8-10 years	10 years and above	0-3 years	4-7 years	8-10 years	10 years and above	0-3 years	4-7 years	8-10 years	10 years and above
Senior Management	27.1	18.8	8.3	45.8	42.6	14.8	5.6	37.0	36.7	24.5	2.0	36.7
Mid-level Management	38.5	11.9	9.6	40.0	37.5	14.5	8.6	39.5	34.2	18.1	8.4	39.4
Non-managing White-collar	67.5	11.8	6.1	14.6	69.8	13.4	3.2	13.7	68.8	16.0	1.7	13.4
Operational Level	45.7	12.9	10.9	30.4	45.7	14.8	9.2	30.2	39.4	19.0	9.0	32.6
Total	48.3	12.8	10.0	28.9	49.2	14.5	8.0	28.3	44.4	18.5	7.4	29.7

Note: Figures are as of 31 December of each related year.

Employee Turnover Rates

Employee turnover rate at Akkök Group of Companies in 2012 is 19.7%. This figure includes the employees who were transferred to Aksa Karbon Elyaf San. A.Ş. due to the partial separation at Aksa. In addition, percentage of employees who quit due to resignation, retirement, personal reasons, termination of definite-term contracts, etc. is 10.2%.

Employee Turnover Numbers and Rates by Company (%)	2010		2011		2012		Major reasons for resignation
	%	Number	%	Number	%	Number	
Aksa*	7.8	71	13.7	129	7.5	58	Termination of definite-term contract, transfer within Akkök Group, retirement, resignation
					22.6	176	Partial separation of company
Ak-Kim	5.4	21	2.1	9	4.7	21	Retirement, resignation
Akenerji	12.2	37	15.9	48	17.9	53	Resignation, personal reasons
Ak-Tops	30.0	79	15.6	41	19.8	51	Retirement, another job or better payment, moving, transportation, health, maternity, difficult jobs, personal reasons
Akiş GYO	0.0	0	14.8	4	14.3	4	Termination and resignation
Akkök Holding	5.7	2	36.1	13	5.0	2	Different career path
Total	10.9	210	12.2	244	19.7	365	

Note: The table above includes all resignations within the companies.

Note: Figures are as of 31 December of each related year.

(*) The main reason for the change in the number of employees at Aksa is the partial separation of the Company.

EMPLOYEES

Data regarding the turnover rates by age, gender and seniority are present in the tables below.

Employee Turnover Numbers and Rates by Age	2010						2011						2012					
	Under 30		30 - 50		Over 50		Under 30		30 - 50		Over 50		Under 30		30 - 50		Over 50	
	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number
Aksa	32.4	23	28.2	20	39.4	28	22.5	29	66.7	86	10.9	14	19.0	11	58.6	34	22.4	13
													51.1	90	48.3	85	0.6	1
Ak-Kim	9.5	2	61.9	13	28.6	6	33.3	3	22.2	2	44.4	4	14.3	3	57.1	12	28.6	6
Akenerji	8.1	3	81.1	30	10.8	4	45.8	22	41.7	20	12.5	6	17.0	9	73.6	39	9.4	5
Ak-Tops	48.1	38	50.6	40	1.3	1	56.1	23	41.5	17	2.4	1	58.8	30	39.2	20	2.0	1
Akiş GYO	0.0	0	0.0	0	0.0	0	50.0	2	50.0	2	0.0	0	25.0	1	75.0	3	0.0	0
Akkök Holding	0.0	0	100.0	2	0.0	0	23.1	3	69.2	9	7.7	1	0.0	0	100.0	2	0.0	0
Total	31.4	66	50.0	105	18.6	39	33.6	82	55.7	136	10.7	26	39.5	144	53.4	195	7.1	26

Note: Figures are as of 31 December of each related year.

Employee Turnover Numbers and Rates by Gender	2010				2011				2012			
	Female		Male		Female		Male		Female		Male	
	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number
Aksa	15.5	11	84.5	60	13.2	17	86.8	112	16.2	38	83.8	196
Ak-Kim	4.8	1	95.2	20	22.2	2	77.8	7	19.0	4	81.0	17
Akenerji	5.4	2	94.6	35	20.8	10	79.2	38	15.1	8	84.9	45
Ak-Tops	3.8	3	96.2	76	2.4	1	97.6	40	5.9	3	94.1	48
Akiş GYO	0.0	0	0.0	0	25.0	1	75.0	3	0.0	0	100.0	4
Akkök Holding	50.0	1	50.0	1	53.8	7	46.2	6	50.0	1	50.0	1
Total	8.6	18	91.4	192	15.6	38	84.4	206	14.8	54	85.2	311

Note: Figures are as of 31 December of each related year.

EMPLOYEES

Employee Turnover Numbers and Rates by Seniority	2010								2011							
	0 – 3 years		4 – 7 years		8 – 10 years		10 years and above		0 – 3 years		4 – 7 years		8 – 10 years		10 years and above	
	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number
Aksa	43.7	31	7.6	5	2.8	2	46.5	33	62.8	81	5.7	7	4.7	6	27.1	35
Ak-Kim	23.8	5	10.5	2	14.3	3	52.4	11	66.7	6	0.0	0	0.0	0	33.3	3
Akenerji	78.4	29	15.6	5	8.1	3	0.0	0	81.3	39	9.1	4	2.1	1	8.3	4
Ak-Tops	84.8	67	5.3	4	1.3	1	8.9	7	78.0	32	5.1	2	0.0	0	17.1	7
Akiş GYO	0.0	0	0.0	0	0.0	0	0.0	0	100.0	4	0.0	0	0.0	0	0.0	0
Akkök Holding	0.0	0	0.0	0	0.0	0	100.0	2	53.8	7	44.4	4	0.0	0	15.4	2
Total	62.9	132	8.2	16	4.3	9	25.2	53	69.3	169	7.5	17	2.9	7	20.9	51

Employee Turnover Numbers and Rates by Seniority	2012							
	0 – 3 years		4 – 7 years		8 – 10 years		10 years and above	
	%	Number	%	Number	%	Number	%	Number
Aksa	51.7	121	18.8	37	7.7	18	24.8	58
Ak-Kim	28.6	6	5.0	1	9.5	2	57.1	12
Akenerji	62.3	33	20.5	9	5.7	3	15.1	8
Ak-Tops	78.4	40	2.0	1	2.0	1	17.6	9
Akiş GYO	100.0	4	0.0	0	0.0	0	0.0	0
Akkök Holding	50.0	1	0.0	0	0.0	0	50.0	1
Total	56.2	205	15.1	48	6.6	24	24.1	88

Note: Figures are as of 31 December of each related year.

Selection and Recruitment

Selection and Recruitment: We match the right person with the right task.

Akkök Selection and Recruitment Policy

With the aim of serving our strategy and goals, during employee selection and recruitment process, we focus on recruiting candidates who are eligible in terms of conformity with our corporate culture and values; who possess the know-how, talents, experience and competence required for the job; and who have the capacity to carry our Companies further. We base our recruitment process upon the principle of equal opportunity and we appreciate diversity.

Throughout the selection and recruitment processes, we use contemporary assessment systems to support taking the most objective decisions and thus recruiting the right person for the right job. Assessment methods vary depending on the position and staff level of candidates. Objective tools such as personality inventory, assessment center practices, proficiency test for English may be used.

Recruitment of Newly-Graduates

In line with the vision to “timely win, improve and retain competent leaders and employees of the future who will realize the Group’s strategies and meet the needs of our organization”, especially nationwide and internationally acknowledged Akkök Companies that generate know-how and technology prefer to employ “newly-graduated” young people. In the Akkök Group Companies included in this Report, the number of “new graduates with 0–3 years of experience” hired in 2012 is 40. In total 53 such employees have joined our Group in the given period.

Akkök Talent Seeds

In line with the vision of recruiting newly-graduates, Akkök Group implements the “Akkök Talent Seeds” process for new-graduates with high potential. The aim of this process is to reach the young people via various ways and win them by the motto “Invest in Your Future with Akkök”. Akkök Talent Seeds helped us to employ 28 new graduates.

Internship Program

With the internship program designed for university students, we aim to support their development and equip them with the qualities required in business. We consider internship as our social responsibility to help students make more informed decisions on their career plans and goals.

EMPLOYEES

Training and Development

Organizational Development: In line with the needs of the organization, we provide equal development opportunities for everyone.

Based upon the concept of continuous development, our main goal is to help employees become aware of their knowledge and talents, to identify areas to be developed in cooperation, and to meet these requirements through suitable development programs. We aim to align employee competence with the strategic goals of Akkök by encouraging employees to improve their vision and strengthen their personal and occupational skills.

Important trainings that served the Group strategies in 2012 are listed in the table below.

Examples of Trainings	Name of the Training	Content of the Training	Name of the Training	Content of the Training	Name of the Training	Content of the Training
Aksa	Seveso	Achieving Seveso criteria in occupational health and safety.	Teamwork and Cooperation	Training focused on improving teamwork and cooperation.	AKSA School	Improving technical knowledge of employees and equipping them with information on the Company.
Ak-Kim	Together in Carrying Ak-Kim into Future	Carrying Ak-Kim into the future together, by building more successful future practices upon the experience accumulated in time.	Patent – Intellectual Products	Methods and procedures to be used in obtaining patents for new products, ideas and inventions within the scope of the strategy for establishing an R&D center.	Seveso	Achieving Seveso criteria in occupational health and safety.
Akenerji	Human-focused Performance Coaching	Training for mid-level management to help them ask the right questions to employees, guiding them, encouraging motivation and feedback.	Safe Drive Techniques	Supporting the use of vehicles by field workers in conformity with OHS.	Balancing and Reconciliation Regulations	Training for getting updated information on regulations and amendments in the electricity market.
Ak-Tops	6 Sigma Project Trainings	Achieving business results with higher added value through improving process efficiency and making rapid improvements in processes.	Energy Management System	Helping companies adopt energy policies, manage energy consumption within the framework of energy management programs, and improve themselves through performance evaluation.		

EMPLOYEES

Examples of Trainings	Name of the Training	Content of the Training	Name of the Training	Content of the Training	Name of the Training	Content of the Training
Akiş GYO	IFRS	Adapting IFRS financial statements to Akiş GYO.	New Turkish Commercial Code	Informative training on new articles of the Turkish Commercial Code.		
Akkök Holding	IFRS	Under the leadership of the newly established Projects Directorate, getting prepared for the new aspects brought by the new Turkish Commercial Code. Financial Affairs teams were trained by experts within or outside the Companies.				

Training days per employee within our Companies are presented in the table below. Our Companies provide trainings within the framework designed in line with the employee needs. Therefore training days per employee may vary within years. For instance, in 2010 in addition to the training plan, all blue-collar employees of Ak-Kim were given occupational trainings and in 2011 an intensive training program was implemented for all employees within the scope of "Together in Carrying Ak-Kim into Future" project. Training day per employee at Aksa fell in 2012 in line with the training needs of employees. At Akenerji, financial budget and number of trainings increased in years. For our companies, the importance and value of trainings increase constantly.

Training Days and Trainings per Employee

Companies	2010		2011		2012	
	Total Training Days	Training Days per Employee	Total Training Days	Training Days per Employee	Total Training Days	Training Days per Employee
Aksa	7,758	8.5	5,841	6.2	4,389	5.6
Ak-Kim	1,415	3.6	1,473	3.4	968	2.1
Akenerji	1,096	3.6	1,143	3.8	1,259	4.2
Ak-Tops	1,119	4.2	796	3.0	1,088	4.2
Total	10,168	5.3	8,335	4.2	6,937	3.7

Note: 1 training day is considered to be 7.5 hours.

Method of Calculation: Training days are divided into the number of total permanent employees as of the year-end.

EMPLOYEES

Training Days by Positions	2010		2011		2012	
	Total Training Days	Total Training Days/Number of Employees	Total Training Days	Total Training Days/Number of Employees	Total Training Days	Total Training Days/Number of Employees
Senior Management	53	1.09	72	1.33	64	1.31
Mid-level Management	1,021	7.62	870	5.88	1,214	8.10
Non-managing White-collars	1,817	5.77	2,231	6.39	2,448	7.01
Operational Level	8,495	5.98	6,081	4.19	3,978	3.05

Note: 1 training day is considered to be 7.5 hours.

Training days per year increase for non-managing white-collars and mid-level management.

Performance Management

Performance Management: We evaluate success based upon performance and competence; we improve productivity by creating motivation and loyalty.

Performance Management System is a process that aims to ensure that individuals adopt our corporate goals and that reinforces our common corporate culture. Individual goals are evaluated in integration with the strategic goals of the Companies and thus, our employees' continuous performance improvement is ensured.

Fundamental principles in performance management are listed below.

- Process of goal setting and extending is integrated with strategic goals and work programs.
- All company objectives are vertically extended to cover the lowest ranks and horizontally distributed among all related units in proper responsibility levels.

- Involvement in and adoption of company strategies and objectives is ensured.
- Company targets and individual goals are related to each other in order to integrate corporate and individual performances.
- During goal extending and alignment processes, relations are built among goals.
- Individual goals are identified during manager-employee meetings.
- Regular monitoring and reviews are held per Company and employee.
- The process is supported by clear and quantifiable performance indicators.

Performance evaluation is made once every year at Group Companies using the Performance Management System. At Akkök and Akış GYO, the System will be activated in 2013. Companies that held performance evaluation in 2012 and their rates to the number of employees are stated below.

Number and Rate of Employees Subject to Performance Evaluation

Companies	Number of Employees Subject to Performance Evaluation	Rate Per Total Number Of Employees (%)
Aksa	702	90
Ak-Kim	99	22
Akenerji	296	100
Ak-Tops	241	93
Total	1,338	72

EMPLOYEES

Talent Management

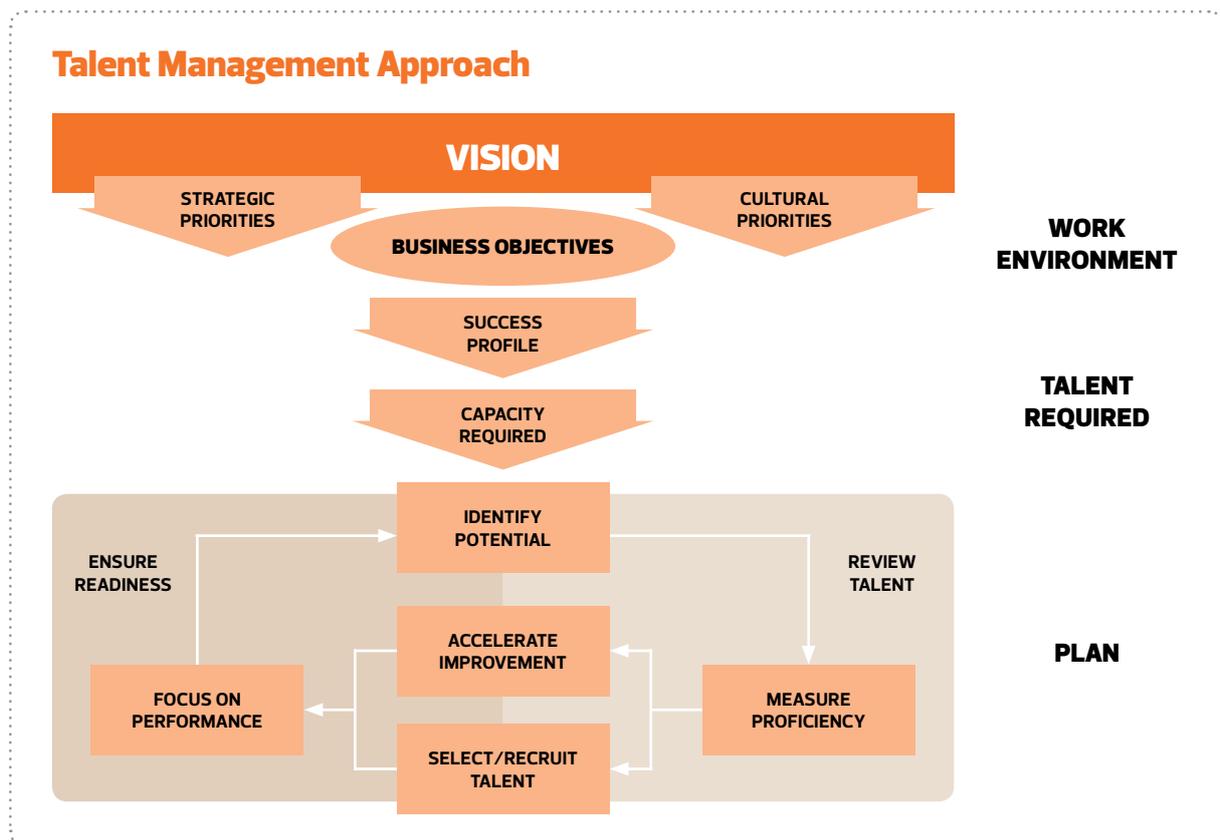
The first and most important strategic human resource goals of Akkök Group of Companies is to make qualitative and quantitative organizational risk plans to fully implement the Group's overall corporate strategies. Akkök Talent Management Process, launched in 2010 and completed in the third quarter of 2011, was implemented by including all top level and mid-level managers and specialists at the Group.

In 2012, the decision was made to transfer all human resource processes across the Akkök Group onto a shared online platform in order to achieve standard and systematic implementation and build a corporate memory. The first phase of this project called Mosaic was completed as of 2012 year-end with the transfer of 360-Degree Feedback, Skills and Competency Management, and Career and Succession Planning modules to an electronic environment. The second

phase of the project involves the migration of Performance Management Process and Training and Development Process to the online platform. The completion of this project will ensure easy, quick and efficient online access of all Akkök Group employees in HR applications.

In other assignments and promotions, our Group implements rotation, evaluation and development center processes depending on the needs of Companies.

The basis of Akkök Talent Management is identifying the existing business objectives within the framework of the Group vision, strategic and cultural priorities as well as the success profile (knowledge-talent-competence-experience) of employee and managing capacity required by the organization. The process is completed by evaluating potential readiness of employee, identifying the needs for improvement and performing trainings needed, and assigning the employee to the right job.



EMPLOYEES

Total Reward Management

Salary Management: We adopt fairness in salary, based upon performance.

Recognition and Rewarding: We timely recognize and appreciate success.

Job Evaluation and Remuneration Model

Our Companies use the internationally recognized Job Evaluation and Remuneration Model. This is a remuneration and benefits model that reflects the realities of national and international business world in an objective and transparent manner, that is based upon the principle of equality and fairness, and that solely considers the work performed.

Recognition and Rewarding

Our Companies implement recognition and rewarding practices defined by procedures. Akenerji benefits from the Suggestion System for reward management. Examples of practices at Ak-Kim include OHS Employee of the Month, Seniority Plaque, Suggestion System, and Situational Rewarding. Aksa rewards employees with practices such as Manager of the Year, Most Active Health, Safety and Environment Officer of the Year, Exemplary Employee, Seniority Plaque (Badge-Plate-Silver Plate), Aksa School Award. Ak-Tops has practices such as Employee of the Month (exemplary employee), Seniority Award (Silver Plate for 25 Years of Service), Certificate of Appreciation (Suggestion System and Situational Rewarding) and 6 Sigma Project Award.

Benefits to Employees

We, as Akkök Group of Companies, offer a variety of benefits to employees. Common benefits throughout the Group include Advance Payment Management, Workplace Health Unit, Position-based Benefits (vehicle, mobile phone, laptop/PC, etc.), New Year Gift Baskets, Meals, and Shuttles for commuting. In addition, our Companies also offer private health insurance, maternity, marriage, death, food benefits, etc.

Internal Activities and Communication

Communication: We provide timely, accurate, transparent and multi-directional information.

In order to inform Group employees on all processes and developments, we use a variety of common communication channels. Our intranet platform named "Orange" ("Portakal") contains e-newsletters and daily Akkök Holding news. In addition, in order to improve employee motivation, we organize activities such as New Year Parties for all

employees in every location and Welcoming Summer parties for employees in İstanbul.

In addition to these joint activities, our Group Companies hold company-based activities as well:

- **Aksa:** Cocktail receptions for meeting new employees, Exemplary Employee cocktail receptions, religious feast celebrations, TV broadcasting in cafeteria. AKSET (Aksa Social Activities Group) created by volunteers at Aksa organize sightseeing tours, theatre plays, parties, concerts, picnics throughout the year. They also hold courses such as diving, tennis or photography.
- **Ak-Kim:** Ak-kim Social Activities Committee organizes and takes part in events and activities such as sightseeing tours, theater, concerts, picnics, fast-breaking meals, Dragon Boat festivals, retiree dinners, TV broadcasting in cafeteria, Women's' Day celebrations, feast celebrations, SMS messages (feasts, birthdays, new year, etc.).
- **Akenerji:** Dragon Boat festivals, birthday celebrations, Women's' Day and Mothers' Day celebrations, announcement of births and losses.
- **Ak-Tops:** Sightseeing tours, movies, theater, concerts, picnics, etc. as well as Employee of the Month cocktail receptions, fast-breaking meals, feast celebrations, TV broadcasting in cafeteria.
- **Akiş GYO:** Birthday celebrations, company dinners, sightseeing tours.
- **Akkök Holding:** Happy hour, fast-breaking meals, feast celebrations, birthday and marriage celebrations.

Employee Engagement

Industrial Relations: We cooperate by ensuring continuity of a peaceful environment within the industry.

There are various systems to enable employees to make recommendations and suggestions to the Company, and the senior management. In order to achieve involvement of employees, we launched the Talent Management System throughout Akkök Group in 2012. In addition, Company-based practices may be listed as follows:

At **Aksa**, with the aim of establishing communication between employees and senior management, the Company organizes AKEK (Aksa Training Council) and AKSET (Aksa Social Activities Group) meetings. Organizations such as the Council of Representatives, Suggestion System, OHS Council ensure employee involvement in the management of the Company.

Ak-Kim employees share their opinions and suggestions with senior management through the Suggestion System and "Chat with the CEO" meetings organized twice a year. The CEO and employees come together at roundtable meetings, OHS Council and ASEK (Ak-kim Social Activities Committee) meetings.

EMPLOYEES

Akenerji implements the Suggestion System which encourages employees to share their opinions. Suggestions with the potential to contribute to the Company are selected and suggestion owners are awarded symbolically.

At **Ak-Tops**, employees share their opinions with senior management through the Council of Representatives, OHS Council, Energy Council, Environmental Council, and Suggestion System. The Council of Representatives has been established to improve employee satisfaction and motivation, evaluate and continuously improve existing or new working conditions, and reward successful and contributing employees.

Akiş GYO employees participate in management processes through annual goal setting meetings as well as other meetings held within the Company.

Akkök Holding employees participate in management processes through annual goal setting meetings, Suggestion System, and other meetings held within the Company.

Finally, the Open Door Policy implemented at Aksa, Ak-Kim, Ak-Tops, and Akiş GYO enable employees to reach managers.

Employee Motivation

We adopt a variety of practices to ensure motivation, loyalty and satisfaction of our employees. Some of the internal communication activities held within this scope in 2012 are presented below.

Aksa redesigned its Performance Management System and updated the rewarding process accordingly.

Ak-Kim, with the annual Employee Satisfaction Survey, received feedback from employees to make action plans and share the outcomes with employees. There are also

efforts to draw career maps, establish a performance-based rewarding system, etc.

Akenerji succeeded in the international human resources standard IIP (Investors In People) Certification audits and received the Certification. In addition, personal development plans were drawn for all employees, orientation process was improved, and the Buddy System was launched. Within this system, a "buddy" is assigned to new employees or those who are on job rotation among departments. The "buddy" helps the new employee in adaptation to business processes and provides first-hand information on the knowledge required for the job, operation of processes and basic information about professional life.

Ak-Tops designed and activated a new remuneration model based upon Job Evaluation and Remuneration and Benefits.

At **Akiş GYO**, in order to improve motivation of employees, activities such as project launch celebrations (e.g. opening of a shopping mall), participation in special events at malls, project celebration dinners have been realized.

Surveys

Results of the employee satisfaction surveys held to reveal employee motivation, loyalty and satisfaction levels are presented in the table below. Since the number of employees is small limited at Akkök Holding and Akiş GYO, these surveys are not implemented. During the IIP audit at Akenerji, face to face interviews were held with employees. They were asked questions about the processes and systems used by Akenerji; thus, proficiency of these processes and employee satisfaction were measured. As the interview results and inspected information and documents met the requirements of IIP standards, Akenerji earned the Certificate.

Employee Satisfaction Survey Results	2010			2011			2012		
	Loyalty	Satisfaction	Enthusiasm	Loyalty	Satisfaction	Enthusiasm	Loyalty	Satisfaction	Enthusiasm
Aksa	79.0	76.3	84.5	Held once every two years.			73.6	67.6	77.0
Ak-Kim	-	-	-	58.1	52.9	62.5	53.9	52.8	57.1
Ak-Tops	57.0	58.0	-	37.0	45.0	48.0	52.0	54.0	58.0

OCCUPATIONAL HEALTH AND SAFETY

The major priority of Akkök Group of Companies is to ensure that employees work healthfully in a pleasing and peaceful environment and that the best occupational health and safety (OHS) performance is achieved by integrating all legal requirements into the work model. The basis of our approach to OHS is the value we attach to humans and our goal to continuously improve our OHS performance.



Our Approach

OHS Goals

OHS Management

OHS Trainings and Awareness Activities

OHS Performance

Management of Material OHS Issues in Supply Chain

OCCUPATIONAL HEALTH AND SAFETY

Our Approach

The major priority of Akkök Group of Companies is to ensure that employees work healthfully in a pleasing and peaceful environment and that the best occupational health and safety (OHS) performance is achieved by integrating all legal requirements into the work model. The basis of our approach to OHS is the value we attach to humans and our goal to continuously improve our OHS performance.

OHS operations of Akkök Group of Companies are performed in full integration with the Environment and Quality Management Systems within the scope of Integrated Management Systems. The major operations within this framework are risk assessment, trainings, monthly environmental and OHS committee meetings, change management, and internal and external audits. The main factor in the success of our operations is the active participation of employees and leadership of executives.

Akkök Group of Companies implements all sorts of practices to create a healthy and safe working environment and to prevent occupational accidents and health risks by abiding by all legal liabilities, related provisions and technical developments. Trainings to improve awareness of employees and subcontractors on OHS and to inform them on related rules are systematically performed. Potential dangers and risks of operations are analyzed and precautions are taken to avoid accidents. In addition, potential emergencies are evaluated and action plans are devised. In order to improve OHS performance and involve employees in the process,

suggestion and improvement systems are put into action. Group Companies use compliance with Occupational Health and Safety standards as a selection and evaluation criterion in investment, development and improvement projects.

Note: This section of the Report excludes the data of Akış GYO and Akkök Holding. Since these Companies operate in offices, OHS practices are different from those at other Akkök Companies.

Occupational Health and Safety Policy of Akkök Group

Based upon our "People Come First" approach in chemicals, energy, real estate, textile and service industries that we mainly operate in, we adopt the following policies to create a safe working environment:

- To identify, evaluate and control OHS risks in all processes and activities.
- To evaluate potential emergencies and make action plans to ensure safety of our stakeholders.
- To abide by and improve legal and other provisions.
- To hold trainings to improve the OHS culture and competence of employees and business partners.
- To continuously improve and monitor OHS management and performance by ensuring active participation of employees.

OHS Goals

2013 OHS goals and 2012 evaluations for OHS performance of Group Companies within the scope of the Report are presented in the table below.

Akkök Group Company	2012 Evaluation	2013 Goals
Aksa	Achieved 49.6% improvement in frequency of occupational accidents	Achieve 20% improvement in frequency of occupational accidents compared to 2012.
	Recorded 13.8% degradation in weighted rates of occupational accidents	Achieve 40% improvement in weighted rates of occupational accidents compared to 2012.
Ak-Kim	Non-compliance reported by 20% of employees of high-risk departments.	Achieve non-compliance reports from at least 20% of employees of high-risk departments and thus to ensure participation.
	Achieved 5% decrease in labor force loss due to health issues.	Achieve 5% decrease in labor force loss due to health issues compared to 2012.
	Achieved 98% improvement in weighted rates of occupational accidents.	Achieve 5% improvement in weighted rates of occupational accidents compared to 2012.

OCCUPATIONAL HEALTH AND SAFETY

Akkök Group Company	2012 Evaluation	2013 Goals
Akenerji	Zero frequency and weighted rates of occupational accidents at all power plants.	Ensure that frequency and weighted rate of workplace accidents in each of our operating power plants are zero. Regarding the workplace accidents by contractors and subcontractors of operating power plants, keeping the frequency below 6.9 and weighted rate below 48.2.
	In 2012, we made sure that employees at each power plant filled at least 1 "near-miss form" and at least 1 "quality, environmental, OHS" suggestion form.	Make sure that employees at each operating power plant fill at least 1 "near-miss form" and at least 1 "quality, environmental, OHS" suggestion form.
	Total Vehicle Accident Rate (TVAR) was 15.9 in 2011 and 16.1 in 2012.	Maintaining TVAR below 14.5 at each operating power plant.
Ak-Tops	Frequency of occupational accidents is 7.2.	Keep frequency of occupational accidents below 3.5.
	Weighted rate of occupational accidents is 471.	Keep weighted rate of occupational accidents below 100.
Akiş GYO		Perform risk assessment and provide OHS training to employees

Occupational Health and Safety Management

Continuous improvement in OHS is the responsibility of all employees of Akkök Group of Companies under the leadership of senior management. In order to manage and continuously improve OHS performance, Companies adopt certified OHS management systems and OHS Council and Committees as required by the laws.

With the aim of high-level participation of employees and managers in OHS management, Akkök Group Companies establish councils, committees, assigned leaders and representatives. These OHS councils meet regularly, discuss related issues and activities, and evaluate statistics and trainings.

Companies implement OHSAS 18001 Occupational Health and Safety Management Systems at Headquarters, factories and power plants to fulfill their OHS responsibilities.

All factories of Akxa, Ak-Kim and Ak-Tops have certified OHSAS 18001 OHS Management Systems. Akenerji has OHSAS certifications in 9 out of 12 power plants (Çerkezköy, Bozüyük, Kemalpaşa, Akocak, Uluabat, Ayyıldız, Feke II, Burç, Bulam) and the Headquarters. Management systems at Akenerji power plants that were activated in 2012 will be certified in 2014.

OHSAS Certification	Rate of OHSAS Certified Facility/ Power Plant/Factory (%)
Akxa	100
Ak-Kim	100
Akenerji	75
Ak-Tops	100
Total	82

Among the industrial Companies included in the Report, the rate of those with OHSAS Occupational Health and Safety Management Systems Certification is 82%.

Akxa

OHS operations at Akxa are the responsibility of the Department of Health, Safety and the Environment (HSE) directly reporting to the Factory Directorate. HSE implements field practices led by OHS Specialists and Workplace Doctors, based upon the TS-18001 Standard and within the framework of Safety Management System. All employees of every level hold responsibility in OHS Management System. Therefore it is ensured that employees are trained properly to fulfill these responsibilities. Manager also actively participate in ensuring continuous improvement in OHS performance.

OCCUPATIONAL HEALTH AND SAFETY

Within the scope of Integrated Management Systems, similar to Quality Management System and Environmental Management System, OHS Management Representative is also the Purchasing and Human Resources Director. This representative assumes the responsibility of OHS Management System together with the HSE Department and supports the implementation and organization in the Company.

Aksa OHS Council

All managers of the Company are honorary members of the Council. In addition, the following founding members take part in the Council: employer or his representative; occupational safety specialist; workplace doctor; a representative of human resources, personnel affairs, social affairs or administrative and financial affairs; civil defense specialist; foreman, headmaster or master; employee representatives.

Ak-Kim

Occupational Health and Safety Management Unit within the General Directorate of Ak-Kim is directly responsible for Occupational Health and Safety. Field work is led by the Occupational Health and Safety Management Unit.

Efforts to establish a Safety Management System within the framework of the Directive for Preventing Large Scale Industrial Accidents started and planned to be completed in 2013 year-end. Safety Reporting is also in process.

In full awareness of the importance of OHS practices, senior management directly reporting to the CEO is responsible for performing periodical efforts to maintain the awareness, supporting all related efforts, fulfilling their duties in emergencies, and improving OHS performance. All Ak-Kim employees, led by the senior management, embrace the importance of OHS practices and regularly work to maintain this awareness.

BEST PRACTICE

Ak-Kim OHS Council possess the provisions to establish a council in line with Article 6 of the Directive on Occupational Health and Safety Councils. In full awareness of the importance of active OHS councils in preventing occupational accidents and diseases, Ak-Kim extended the scope of representation in this Council: employer or his representative; occupational safety specialist; workplace doctor; a representative of human resources, a representative of management systems, one representative from each of the 12 plants, foreman representative, employee representative, and subcontractor representative.

Akenerji

Each employee at Akenerji has certain Occupational Health and Safety responsibilities. OHS and environmental responsibilities are clearly stated in all job definitions. Senior management is in full awareness of the importance of OHS and environmental management and performs periodical practices to maintain the awareness within the Company. Communication of OHS operations are performed by the Technical Safety, Occupational Health and Safety Manager who directly reports to the Operations and Maintenance Assistant General Manager.

BEST PRACTICE

Akenerji OHS Committees

Occupational Health and Safety Act requires workplaces with more than 50 employees to have OHS boards. Although number of employees at each power plant of Akenerji is less than 50, in 2010, we started to hold monthly Environment and OHS committees at every plant in order to achieve functionality and participation of all parties. All employees at power plants are represented in these committees.

An Environment and OHS Committee (if there is an employee with specified duties in the power plant) comprises the Plant Manager (Chairman), Assistant Plant Manager, Operational Officer (Environment and OHS Representative of the Plant), Maintenance Officer, Environment Representative, Health and Safety Representative, Maintenance Operator Representative, Operations Representative, Shift Supervisor Representative, Operator Representative, Mechanical Maintenance Representative, Measuring Control Representative, and Warehouse Representative. In addition, if there are Directorates of Environment and Quality Systems as well as Technical Safety, Occupational Health and Safety at the power plant, related personnel from these directorates are also members of this Committee.

With monthly meetings, the Environment and OHS Committee reviews the Plant's Integrated Management Systems Action Plan devised in the previous meeting as well as the related corrective and preventive operations. It discusses the findings of field inspections and plans corrective and preventive actions to be included in the Power Plant's Integrated Management System Action Plan. The Committee also reviews environmental and occupational health and safety suggestions made since the last meeting and plans the required corrective and preventive actions. Workplace accidents, near-miss incidents, environmental accidents and environmental complaints reported and investigated since the last meeting are also discussed. Legal requirements in terms of the environment and OHS are reviewed. Monthly Control Charts of Occupational Health and Safety are inspected. The Committee also discusses action definitions stated in occupational health and safety field visit reports and Monthly Waste Inventory forms. Finally, it reviews the requirements arising from the Change Management Procedure and discusses various related issues.

OCCUPATIONAL HEALTH AND SAFETY

Ak-Tops

Aspects of controlling Occupational Health and Safety risks and improving performance are handled within the framework of the Occupational Health and Safety Management System. The system is kept running through Suggestion, Near-Miss and Risk Evaluations.

Risk analyses and evaluations performed by identifying, evaluating and controlling risks are monthly reviewed and updated.

Ak-Tops identifies risks to take preventive actions. While identifying the related practices and processes, risk analyses, risk maps and statistics are used. Risk definitions are made or revised accordingly. Potential risks, incompliances and negative aspects are periodically reviewed, reported and monitored through Safety and Environmental Tours. OHS issues are reviewed in all 6 Sigma, TÜBİTAK and start-up projects at Ak-Tops.

OHS Committee actively works to evaluate and continuously improve the health and safety of Ak-Tops employees. This Committee identifies deficits in terms of security of life and property at the factory and offers technical and administrative precautions to the CEO.

OHS Committee is composed of the following members: OHS Specialist (Chairman), Management Systems Specialist (Vice Chairman), Cutting Operation Master (Employee Representative), Tops Operation Master (Employee Representative), Chemical Laboratorian (Employee Representative), Workplace Doctor, Warehouses Unit Manager, Accounting and Administrative Affairs Specialist, Dyehouse Operation Engineer, Tops Operation Engineer, Cutting Operation Engineer. Person or people deemed appropriate by the OHS Committee can be appointed with the approval of the CEO. The committee meets monthly.

OHS Trainings and Awareness Activities

Believing that high OHS performance is closely related to the increase in training and awareness levels of employees, we attach great importance to trainings and ensure that employees regularly trained in OHS.

We provide our employees with a variety of OHS trainings within the framework of integrated efforts that also cover environmental and quality issues. We increase the number of such trainings systematically. We especially want to make sure that employees at power plants, facilities and factories have required information on OHS and earn the capacity to prevent potential risks at source through some precautions. Trainings can be grouped in the following categories:

- Workplace Risks and Precautions
- Safe Work Program
- Internal Auditor Training
- Occupation Health and Safety General Training
- Occupation Health and Safety Regulations
- Near-Miss and Accident Reporting Directives
- Risk Assessment
- Fire, Emergency Response, Emergency Drills

Average OHS training days per employee in 2012 are summarized in the table below.

OHS Trainings in 2012	Day/Year	Day/Employee/Year
Aksa	2,987	3.90
Ak-Kim	463	1.03
Akenerji	468	1.75
Ak-Tops	189	0.73
Total	4,107	1.85

Note: While calculating the days, 1 training day is accepted as 7.5 hours.

Note: The figures are based upon the number of target employees required to take compulsory OHS training.

OHS Performance

It is a material goal for us to ensure that all Akkök Group employees adopt the OHS culture in order to improve our occupational health and safety performance.

Akkök Group Companies periodically monitor their OHS performance and implement necessary precautions within work plans to improve this performance. Among the material issues monitored in terms of OHS are occupational accidents and absenteeism due to health conditions.

Occupational Accidents

Workplace incidents that occur within the requirements identified by regulations and that cause negative effects on employees are defined as "occupational accidents". Frequency and weighted rates of all occupational accidents at Akkök Group Companies are recorded. A significant reduction in occupational accident rate has been achieved, mainly thanks to the trainings, registry system and revisions made. Occupational accident data of the last 3 years of our Group Companies are given in the tables below.

OCCUPATIONAL HEALTH AND SAFETY

Frequency of Occupational Accidents	2010	2011	2012
Aksa	5.90	6.53	3.24
Ak-Kim	0.00	4.72	1.08
Akenerji	12.44	6.20	0.00
Ak-Tops	2.30	5.50	7.20
Average total	4.13	4.59	2.30

Note: The following formulae have been used in calculating rates = $NOA / (TNDAP \times 8) \times 1,000,000$

NOA = Number of occupational accidents

TNDAP = Total number of days of accrued premium (TNDASP is multiplied by 8 hours for a full day of work and total working hour of all insured employees are found.)

1,000,000 = This figure is used to find the number of accidents per 1 million work hours.

Weighted Rate of Occupational Accidents	2010	2011	2012
Aksa	116.70	223.80	254.70
Ak-Kim	0.00	184.00	3.00
Akenerji	93.29	55.80	0.00
Ak-Tops	451.00	194.10	471.10
Average total	132.20	131.54	145.76

Note: The following formulae have been used in calculating rates = $TLDOA / (TNDAP \times 8) \times 1,000,000$

TLDOA = Total lost days due to occupational accidents (Temporary incapacity periods) + (total of permanent incapacity levels x 75) + (number of deaths x 7500)

TNDAP = Total number of days of accrued premium (TNDASP is multiplied by 8 hours for a full day of work and total working hour of all insured employees are found.)

1,000,000 = This figure is used to find the total number of lost hours due to workplace accidents per 1 million work hours.

Number of Accidents Involving Death

In the three years of this reporting period, there have been no accidents involving death or long-term losses in Akkök Group Companies included in the Report.

Lost Days and Absenteeism

Lost days and absenteeism rates due to health issues are given per Group company in the table below.

Absenteeism	2010	2011	2012
Aksa	0.01	0.02	0.02
Ak-Kim	0.01	0.01	0.01
Akenerji*	n/a	n/a	0.01
Ak-Tops	0.02	0.02	0.03
Total	0.01	0.02	0.02

Not: Absenteeism rate is calculated using the formula: Number of days of absence due to health issues / Total workdays

* Akenerji data includes power plant employees and excludes Headquarters personnel.

OCCUPATIONAL HEALTH AND SAFETY

Management of Material OHS Issues in Supply Chain

Akkök Group of Companies has launched and will continue to launch a number of occupational health and safety practices in line with legal regulations and industrial developments. Especially chemicals and energy industries have important OHS issues. The management approaches of Group Companies are given below as best practices.

Aksa

Among the material OHS issues in the chemicals industry are lack of competent personnel at operator level, lack of mid-level managers adopting a safety culture, low levels of awareness in process safety parameters, low levels of OHS awareness and performance in constructors and subcontractors, and lack of companies possessing the required know-how.

Aksa implements the following practices to meet industrial and corporate needs: To meet the demand for competent personnel, it holds 16 hours of intensive training per employee in a year. Tests are given before and after the trainings. In 2012, approximately 22,000 man x hours of OHS training was given. OHS awareness of mid-level managers are increased through SEVESO II trainings. SEVESO II trainings are also used to improve awareness on process safety at factories and cover the gaps.

Subcontractors and constructors are asked to perform risk analyses and hire occupational safety specialists in fields. Field audits are performed regularly and incompliances are demanded to be corrected through Purchasing Managers responsible for subcontractors. Previous trainings of the employees of subcontractors and constructors are recorded before the work starts.

Frequency and weighted rate of occupational accidents have been included in department performance goals of all Aksa employees. Each Directorate aims to meet the requirements of the Regulation on Preventing Large-Scale Industrial Accidents and complete the safety report by the year-end, with support from the know-how and talents gained through SEVESO II trainings.

Unsafe condition notifications, near-miss reports and occupational accidents are analyzed and effort is made to remove the root causes via "Failure Mode and Effects Analysis" (FMEA). Occupational accidents and root causes are shared at the monthly-held OHS boards with all Aksa managers and employee representatives. The root cause of occupational accidents in the factory is mostly Unsafe Actions rather than Unsafe Conditions.

Ak-Kim

Compliance with the Seveso Directives within the framework of the Directive for Preventing Large Scale Industrial Accidents and Directive for Protection of Employees from Dangers of Explosive Environments is a material issue for Ak-Kim.

Key performance indicators are ensuring control, follow-up and continuity of corrective and preventive actions for occupational health and safety with high-level participation from employees; increasing personal protection equipment (PPE) use through OHS trainings and audits; and frequency and weighted rate of accidents.

As can be seen in the formula "Occupational Accident = Unsafe condition x Unsafe action", if one of the factors is zero, occupational accidents can be prevented substantially (98%). Ak-Kim believes that occupational accidents can be prevented by clearly identifying and correcting unsafe conditions as well as improving OHS culture through training and achieving an OHS discipline to avoid unsafe actions.

BEST PRACTICE

Ak-Kim managed to increase participation of employees with a non-compliance notification from 20% of employees of high-risk departments (production, maintenance and transportation).

OCCUPATIONAL HEALTH AND SAFETY



Akenerji

It is a material issue for Akenerji to ensure that its employees adopt the OHS culture Akenerji periodically monitors the OHS performance and implements necessary precautions within work plans to improve this performance. In addition to the periodically monitored OHS data, the Company also focuses on the performance in road accidents and scheduled maintenance operations.

The nature of the operations performed at the eight hydroelectric plants in Akenerji's portfolio require employees to drive vehicles in rough field conditions and this creates a risk factor that needs to be monitored.

By performing scheduled maintenance in power plants, Akenerji aims to prevent damages due to malfunctions and the causes of such malfunctions. It identifies potential causes of potential problems through periodical inspections and maintenance of major and critical equipment and thus prevent equipment and performance loss by taking corrective and preventive actions.

Frequency of scheduled maintenance varies depending on the nature of plants. During such maintenance, number of employees in plants may increase up to 10-fold since contractors and subcontractors work simultaneously in the field.

Due to its nature which includes non-routine operations without any time pressure, scheduled and extensive maintenance poses more specific dangers and higher risks. During the scheduled maintenance, a total of 59,776 hours of operations were performed at Akenerji power plants, including the working hours of contractor and subcontractor employees. In 2012, an employee of a contractor had a job accident without any loss of limb but with loss of time during the mentioned maintenance but no accidents involving death have been reported so far.

SUPPLY CHAIN RESPONSIBILITY

In addition to the management of impacts resulting from its own operations, Akkök Group of Companies also assumes responsibility in the management of impacts caused in the product and service supply chain.

Innovative approach, offering environment-friendly products and services, realizing practices that ensure customer satisfaction and improve the sustainability performance of suppliers are among the material issues for our Companies.



Our Approach

Innovative Approach

Environment-Friendly Products and Services

Our Customers

Our Suppliers and Vendors

SUPPLY CHAIN RESPONSIBILITY

Our Approach

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Innovative approach, offering environment-friendly products and services, realizing practices that ensure customer satisfaction and improve the sustainability performance of suppliers are among the material issues for our Companies. In addition to these, a variety of practices are put into effect to achieve a high level of occupational health and safety performance in the supply chain. ("Management of Material Issues in the Supply Chain" is presented in detail in the OHS section of this Report.)

Innovative Approach

The fundamental mission of innovative practices at Akkök Group of Companies is to generate chemical and engineering solutions that create value added products, processes and implementation areas by benefiting from advanced technology in performance, products and byproducts as well as to develop future-oriented, environment-friendly, energy-saving products and processes that offer integrated solutions, work with a customer and market-focused manner, take stakeholders into consideration, and use advanced technologies such as nanotechnology.

Aksa

Aksa launched the carbon fiber production and technology in Turkey thanks to its R&D investments, innovative approach and success of Turkish engineers. Carbon fiber is recognized and used as one of the most important raw materials of the 21st century. Lighter and more durable than steel, carbon fiber is used in a wide array of industries. It can be implemented in a great number of areas thanks to its high-durability, low-corrosion and lightness. It is widely benefited in space and aviation industry, defense industry, land and naval transportation, industrial materials, building and infrastructure reinforcements, wind turbines, and sporting goods.

Ak-Kim

Ak-Kim established an R&D Directorate in 1996 to closely monitor the developments in the sector for ensuring the production of goods with high added value, to work on product and technology development in areas that are likely to gain importance in the future, and to improve the quality and reduce costs in current technologies and processes. In the light of the "Search Conference" in 2011 and "Restructuring of R&D" in 2012, the Department's Vision, Mission, and Strategies were set and the existing R&D policy was reviewed. The Company started operations to have its R&D Center certified. Ak-Kim developed 49 new products in performance chemicals in 2012. 20 of these products are for the textile industry whereas 16 is for water and paper, 13 for ready-made concrete and construction industries.

Environment-Friendly Products and Services

We, as Akkök Group of Companies, integrate our Group-side philosophy of sustainability with products and services that value human life and the environment. We evaluate environmental and social impacts of our products and services throughout the product/service value chain and work to minimize such impacts. By closely following social needs and industrial developments, we offer environment-friendly products.

Aksa, Ak-Kim and Ak-Tops operate in full compliance with the European Union Directives and national legislations in terms of chemical use.

Aksa and Ak-Tops

Products that are in compliance with Oeko-Tex 100 (which is an internationally recognized standard for textiles suitable for human and environmental health) are produced at facilities. Since 1995, these products are tested for approval for Category 1 (category for baby clothing, with the most strict limits and the greatest number of tests) their certifications are renewed. With these certifications and audits, Aksa guarantees that its products are human and environment-friendly. Examples of environment-friendly Aksa products include:

- Technical fiber: Environment-friendly usage with high chemical and thermal durability in the filtration of emissions released from coal plants and cement factories.
- Carbon fiber: This robust and light material is used in automobile and airplane bodies instead of steel. It not only improves durability of products, but also ensures fuel savings and reduces greenhouse gases.

Ak-Tops performs a variety of projects including three different coloring in the same machinery, organic white production, automated knot fastener and surface finishing, which are the firsts of their kinds in the world. These projects are environment-friendly, innovative and efficient. It obtains support from other companies for these projects. Material Safety Data Sheets of all dyes and chemicals used in processes are reviewed and those with the least impact on the environment and ecology are selected. Pilot projects to save water by reusing dyeing water are continuing.

Ak-Kim

When devising projects for the R&D process of a new chemical, Ak-Kim evaluates environmental dimension and selects raw materials with the least impact on the environment. An example of Ak-Kim's environment-friendly chemicals is Hydrogen Peroxide & Sodium Percarbonate. This product is used in laundry, does not cause pollution during laundry process and turns into oxygen and water when disintegrated. Hydrogen Peroxide & Sodium Percarbonate offers perfect cleaning at low temperatures. For instance, given the fact that in 85% of 14 million households in Turkey have washing machines and this machine is used twice a week in every home, washing clothes in 40 degrees Celsius water instead of 60 would allow for an energy saving of 388 Gwh per year. Other environment-friendly chemicals include AKBLUE, AKBLEACH SLD and AKEF 550.

SUPPLY CHAIN RESPONSIBILITY

Since 1992 Ak-Kim has been using the environment-friendly membrane cell process in Chlorine Alkali production. The world has long been using diaphragm and mercury based systems that might cause environmental damage. Today these processes are replaced with membrane cells.

Akenerji

Operating in the energy sector since 1989, Akenerji is one of the first private sector electricity producer companies to invest in renewable energy. It started investments in renewable energy sources by participating in the first hydroelectric power plant tenders held by the Energy Market Regulatory Authority (EMRA) in 2005. Ayıldız Wind Power Plant, the Company's first renewable energy generation plant, started operations in 2009. Subsequently Akocak, Bulam, Burç Bendi, Fekel and Uluabat hydroelectric power plants were activated in 2010 and Himmetli HEPP (27 MW), Fekel HEPP (30 MW), and Gökçaya Dam HEPP (30 MW) successfully became operational in 2012, thus increasing the total capacity to 745 MW and the share of the renewables in the portfolio to 52%. Akenerji has the largest renewable energy share by installed capacity among energy producers with capacity higher than 500 MW.

Akiş GYO

Operating since 2005, Akiş GYO has always focused on the environment, nature and sustainability. Both its projects and the environment prepared for employees, products used and services provided, it proves the importance it attaches to the environment and human health.

At the Akbatı Residences and Shopping Mall, Akiş GYO implemented innovative practices that ensure energy and water saving as well as the "ozone disinfection" and "negative ions" processes integrated into the air conditioning system as the first of its kind in Turkey. Lighting materials, artificial air running through air conditioners and material used in modern buildings all create a high level of positive ions. These positive ions cause people to feel tired, depressive and nervous. Negative ions destroy positive ions to create a more comfortable and fresh environment. On the other hand, ozone is the most powerful and fast disinfection material known. Ozone scattered into the environment either completely destroys or minimizes microbiological formations such as hundreds of harmful microorganisms, chemicals, gases, bacteria, mold, fungi and allergens by oxidizing them. Ozone transforms into oxygen and therefore does not leave any wastes like other chemicals.

A major part of the roof of Akbatı Residences and Shopping Mall is designed as green area and rainwater is used for watering the plants. Thanks to the green cover created on the rooftop drainage is reduced and burden on wastewater lines is mitigated. Green roofs also reduces structural heat penetration and loss.

Electricity installation of Akbatı Residences and Shopping Mall was designed in line with the qualities of a green building. Energy distribution within the building was made

with mid-voltage wires, which help to minimize transmission losses and ensure a system architecture with less power failure. In addition to these, dry-type and ventilated transformers enabled 30% spare energy.

Our Customers

It is of vital importance to Akkök Group of Companies to offer high-quality products and services and to ensure superior customer satisfaction.

Aksa

An independent institution holds a customer satisfaction survey every two years. The main purpose of the survey is to measure and evaluate customer satisfaction in terms of general and technical qualities of products, customer complaints, post-sale technical services, delivery services, and marketing and sales services. Weaknesses are identified and improved and strengths are revealed with these surveys and thus policies to improve customer satisfaction are devised.

Ak-Kim

Always attaching great importance to customer satisfaction, Ak-Kim holds a customer satisfaction survey every 2 years. With this survey, customers' opinions on issues such as corporate image, products and production, pricing and payment terms, quality of logistics, quality and competence of technical support, and quality of sales and marketing are obtained. In 2012, participation to the survey on Ak-Kim's website reached 90%. Ak-Kim makes donations to the TEMA Foundation (The Turkish Foundation for Combating Erosion Reforestation and the Protection of Natural Habitats) for each survey, on behalf of the participant. Customer satisfaction performance was recorded as 87% in 2012.

BEST PRACTICE

Complaint Management at Ak-Kim

Ak-Kim considers each and every complaint that it handles in the Customer Relations Management process as an opportunity for continuous development. It examines complaints in an objective, effective, fast and careful way and offers solutions. In parallel with this principle, Ak-Kim is always committed to improving its business processes in a way that meets customers' expectations to avoid recurring complaints and to developing services to meet these expectations.

All oral and/or written complaints and other feedback are kept in records. Soon after the complaint is received, the customer is informed that it is in process. Complaints are handled within a priority list that is either categorically made or formed in accordance with the customer's demands. Immediately after the complaint is received, each step in the business, each action is recorded together with the names of users, dates, and details. The related report is run in a way that can be used anytime by all related managers, users, customers or stakeholders.

SUPPLY CHAIN RESPONSIBILITY

Akenerji

The primary practice at Akenerji to ensure customer satisfaction is the survey. In surveys held in 2011 and 2012, level of customer satisfaction was measured under five main topics: namely satisfaction with Akenerji, general opinions on Akenerji, customer's knowledge about the market and approach to green energy, general opinions on sale services of Akenerji, and general opinions on customer-operation services of Akenerji.

In the surveys rated on the scale of 5, for instance 4.14 points were received in the category of "satisfaction with Akenerji". The basic satisfaction score in the "Energy Supply" topic, which is the main service of the Company, indicated that customers are highly satisfied with the services.

Covering not only information and opinions on Akenerji, but also customers' knowledge about the market to help us serve better, this survey has proved that customers have sufficient knowledge on renewable energy and markets.

With the annual customer satisfaction survey, Akenerji achieves a better understanding of customer needs and expectations and it includes improved customer knowledge and insight into its service management. Thanks to these efforts, outcomes of customer satisfaction surveys indicate a trend of improvement every year.

Akiş GYO

Akiş GYO holds surveys to ask Akbatı Residences customers about their positive-negative opinions on their selected projects; information on their education and occupation; newspapers, magazines, television channels, websites preferred; and their hobbies. These data gives information on the customer profile choosing Akiş GYO projects.

In addition, with a confidential bimonthly customer survey that also includes other players in the industry, issues such as security, cleaning, information services, cleanness of food courts at Akbatı Residences and Shopping Mall are evaluated. Outcomes give the list of best Shopping Malls in each category. This helps to achieve customer satisfaction and personnel auditing as well as to identify weaknesses and improve them to increase satisfied customer potential.

Our Suppliers and Vendors

Akkök Group companies are in continuous and transparent relationship with their suppliers and vendors. In order to understand the expectations of our stakeholders, we organize various meetings and trainings. We also pay attention to the fact that, just like our Companies, our suppliers and vendors also manage their business processes in an environment-friendly manner.

Aksa

While selecting suppliers and monitoring their performance, Aksa observes criteria including environmental approaches

and policies, ethical values, corporate structure, references, reputation, etc. While identifying supplier competence, ethical values are always important. ISO certifications (ISO 9001, ISO 14001 and OHSAS 18001) are also sought in supplier selection and performance evaluation.

During purchasing processes, Aksa systematically evaluates performance of suppliers and selects products and services in line with this evaluation. In this way, the company contributes to the quality of end product (with the right-quality inputs), profitability (cost-effective purchasing) and production planning (timely delivery). Within this framework, supplier companies are selected based upon their environmental and OHS policies and approaches as well as certifications.

Aksa also shares its guide on safe use of products to all customers and transporters.

Ak-Kim

Ak-Kim has Supply Chain Management and Purchasing procedures that regulate purchasing operations held under three main groups: raw materials, technical and general. Suppliers are selected according to the criteria stated in these procedures. This enables the Company to work only with suppliers that meet the requirements of the law and Company principles as well as to select new suppliers in a fair and transparent way.

In the purchasing procedure, firstly approved suppliers that have passed the supplier assessment stage can place their bids. If a new supplier is to be employed, not only price advantage, but also conformity with Ak-Kim principles and reference lists are also considered.

Akenerji

Akenerji expects all of its suppliers to share its vision of responsible approach towards sustainability and environmental issues.

Before selecting a supplier, Akenerji uses a Selection Form to decide on the most appropriate candidate. In the forms, it requests information about practices regarding Quality, OHS and Environmental management systems and related certifications (ISO 9001, ISO 14001, OHSAS 18001). It also uses evaluation forms to evaluate the selected and current suppliers' performance. After this evaluation on a percentage value, Akenerji continues to work with suppliers meeting the required criteria and maintaining good performance.

Akiş GYO

Trainings to properly implement ISO 9001 Quality Management in purchasing procedures are given to Akiş GYO employees. ISO 9001 implementations and quality certifications are targeted for 2013. Reliable suppliers with ISO 9001 certification, good reputation and fast logistics services and deliveries are selected.

CONTRIBUTION TO SOCIETY

As Akkök Group of Companies, our objective is to contribute to social development and welfare in especially areas we operate.

Ever since our establishment, we, as Akkök Group of Companies, have shown maximum effort to be a corporation that observes benefits for the whole society. The Group's approach to social responsibility is shaped by the awareness that it owes its success to the strength it derives from society. Akkök Group has been implementing social responsibility projects all across Turkey, predominantly in the regions where it operates.



Our Approach

Social Responsibility Projects

Sponsorships

Open Door Events

CONTRIBUTION TO SOCIETY

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Another factor considered in social responsibility projects is their accessibility to the widest possible audience and securing their support. It is at this point that relations with non-governmental organizations gain further importance. Akkök Group of Companies sponsors projects of various foundations from this perspective.

Some of the corporate social responsibility projects that we actively implemented in 2012 are presented below.

Social Responsibility Projects

We implement our Social Responsibility projects under three main categories: Education, Culture and Arts, and social-benefit projects.

Supporting Education

Believing that education is the fundamental prerequisite for economic and cultural advancement of a society, we continue to create projects that contribute to educating individuals for securing Turkey's future. We attach importance to cooperation with universities and research institutes.

Aksa

Aksa Vocational School was built in 1992 in Yalova's Taşköprü, Çiftlikköy area by AKSA Akrilik ve Kimya Sanayi A.Ş. The school started education in 1992-1993 academic year under the name Aksa Industrial Vocational High School. Until 2012, some lessons were made in the Aksa laboratory. Then this laboratory was moved to the school with all equipment. In addition, graduation ceremonies and balls are organized with support from Aksa every year and the Company always contributes to meet the needs of the school.

Ak-Kim

Within in the framework of its corporate citizenship principle, Ak-Kim established a program known as Ak-Kim Scholarship in 1996. With the contributions of volunteering Ak-Kim employees, the Program gives scholarships to successful university students with limited economic means. In 2011-2012 academic year 16 students were granted the scholarship and this number increased to 31 in 2012-2013. A total of 104 students graduated with the help of this scholarship fund since its inception.

Akenerji

Akenerji sincerely believes that the success of a company is measured not only by financial performance, but also by the benefit provided to society. In conformity with this belief, through a collaboration with the Turkish Education Foundation (TEV), Akenerji awarded scholarship to 10 university students from the town of Araklı in Trabzon, where Akocak Hydroelectric Power Plant is located. The scholarship support continued with the same number of students in 2012. The Company also built a prefabricated dormitory and a three-storey building for the Directorate of National Education in the town of Feke. With the protocol signed by and between Akkur, Governor's Office in Adana, Directorate of National Education, District Governor's Office in Feke, and District Directorate of National Education on 29 July 2011, construction works for the dormitory started in September 2011. The building was completed on 15 February 2012 and delivered to the District Directorate of National Education in Feke.

Akiş GYO

In line with its principle of social responsibility Akiş GYO aims to contribute primarily to education, culture-arts and sports through its donations and social aids. The Company also made a donation in 2012 to the school building with 10 classrooms and dormitory for 200 students in Alucra, Giresun in a joint effort with sectoral associations. In addition, donations were made to a variety of institution on behalf of Akiş GYO.

Akkök Holding

Operating in Yalova, the Akkök Firefly Mobile Learning Unit was initiated in 2009 with the cooperation of the Akkök Group of Companies and the Educational Volunteers of Turkey (TEGV). A total of 86 people have volunteered since the beginning of the project to facilitate the activities, which are supported by university students for the most part. While children learn basic computer applications with the help of the volunteers at the Akkök Firefly Mobile Learning Unit, they also have the opportunity to participate in various programs that would in turn make them more socially aware and beneficial to society. The Firefly project is designed so that each child receives 12 hours of educational support.

CONTRIBUTION TO SOCIETY

The initiative is composed of various programs including a six-hour computer and technological literacy training program titled "Knowledge Is My Business" as well as other six-hour training programs such as "Enjoy-Learn-Hygiene", "I'm Beginning My Career Journey", "We Are Active Citizens", "Environment, Traffic, Health" and "Journey to Myself." Having reached more than 14 thousand students at almost 10 elementary schools to date, the Firefly initiative continued to support the creativity and research skills of 3,000 children in Yalova with workshops held in 2012. Currently, 64 volunteers are actively involved with the project.

Social-Benefit Projects

Akenerji

Akenerji acts upon not only operational excellence and profitability, but also the principles of social responsibility and environmental sensitivity in all of its investments. The Company adopts a cautious and stable management style that is based upon mutual trust. In line with this approach, in locations where it has installed hydroelectricity plants, it implemented some practices to create awareness in local communities and to protect them from potential hazards. In 2013, Akenerji aims to distribute posters and brochures in public areas around HEPPs – namely in the village headmen's office, schools, city halls, coffee houses, aviation plants, etc. With this initiative approximately 1,700 brochures and 400 posters will be delivered to the cities of Trabzon, Adiyaman, Bursa, and Adana.

Akkök Holding

Akkök Children's Festival was held in 2012 for the first time in order to help the children in Yalova to spend quality time in line with their interests and talents as well as to support their personal development. Held at Raif Dinçök Cultural Center, the Festival enabled children to have a great day with a variety of activities and create a joint artistic work. They painted the 54-piece "Kaleidoscope" painting together with renowned artist Seymen Şener. All pieces of "Kaleidoscope" were then brought together and this painting is now permanently exhibited at Raif Dinçök Cultural Center. Akkök Children's Festival will continue in the coming years.

Culture and Arts

Raif Dinçök Cultural Center

In May 2011, Akkök Group opened Raif Dinçök Cultural Center in Yalova, where the Company has conducted operations for the past 43 years, in order to contribute to the cultural development of the region. Named after the founder of Akkök Group, the late Raif Dinçök, the Center comprises four buildings on a 10 thousand square meter tract allocated by the Yalova Municipality. Designed with an ingenious architectural approach, the Center features multi-purpose halls for various arts and cultural events, workshops for formal trainings, a foyer, exhibition halls, cafeteria space and a terrace. Filling a gap in urban life in the area, the Center was warmly welcomed by the people of Yalova.

Akiş GYO

Works of prominent Turkish sculptors are regularly exhibited at various spots of Akbatı Residences and Shopping Mall. In 2012, the location also hosted the Contemporary Turkish Artists Exhibition with the participation of paintings of prominent artists. In addition, throughout the year 9 public concerts for 6000 people, 2 theatre plays and 2 contests were organized free of charge. Every week, self-improvement panels, activities for children, cooking workshops, pilates and yoga classes, interviews with special guests on various issues and musical performances are held. These are all open to public and free of charge.

Sponsorships

Ak-Kim

Having supported the Marmara Environmental Monitoring (MAREM) project in the "International Year of Chemistry" in 2011, Ak-Kim continued its sponsorship in 2012, proving the importance it attaches to the environment and sustainable resources. MAREM reached impressive results in the "Monitoring Changing Oceanographic Conditions of the Marmara Sea" Project. The Project's outcomes were shared with the press on July 24th, 2012 on board the Oktay 4, MAREM's logging and research boat.

Ak-Kim also supported the 10th Chemical Physics Congress organized by the Materials Science and Nanotechnology Engineering Department of TOBB University of Economics and Technology in 2012. Organized on 10-12 October 2012, the Congress welcomed a number of Turkish and foreign scientists. Ak-Kim also sponsored the 26th National Chemistry Congress organized by Muğla University on 1-6 October 2012.

Another initiative supported by Ak-Kim was the Chemistry Industry Competitive Power Report which is very significant for the Turkish Chemistry Industry. This Report, prepared by the Federation of Industrial Associations (SEDEFED), aims to create a sustainable model to reveal the competitive power of both Turkey and the chemistry sector in Turkey, to measure this competitive power, and to guide decision makers. Revealing the competitive power of the chemistry industry, the Report was shared with the sector and the public at the 8th Congress of Competition on November 15th, 2012.

Akkök Holding

Carrying out projects to foster social and cultural development in the locations where it operates, Akkök Group of Companies continued to provide support to sports activities in Yalova in 2012. Following an agreement signed in November 2012, the Group became the main sponsor of the Yalova Orthopedics Sports Club, a leading sports club in Yalova; founded in 2005, the Club currently competes in the Wheelchair Basketball Super League.

CONTRIBUTION TO SOCIETY

Firmly believing that a country's sustainable development depends largely upon bringing up youth in good quality and modern conditions, Akkök Group has constructed six schools so far. The Group continues to meet annual maintenance needs of these schools.

In line with the importance attached to international educational opportunities for Turkish youth, Akkök Group of Companies became one of 15 private sector companies to provide support to the Master's Program of the College of Europe conducted by the Secretariat General for the EU Affairs during the 2011-12 academic year. Under the program, which was designed to increase the number of scholarships for young people within the framework of the EU Communication Strategies scheme, Akkök Group provides the tuition and living expenses of a student pursuing a master's degree.

Open Door Events

Considering the principles of transparency and accountability as key components of its corporate values, Akkök Group of Companies ensures exchange of information with its stakeholders with its Open Door Policy. Now put into writing, the Open Door Policy aims to enable employees to freely communicate with Company executives regarding any professional or non-professional subject matter. The Policy also allows customers, society at large, business partners and shareholders to communicate with the officers of the Company with ease and without hesitation.

Aksa

Organized within the framework of transparency principle and first held in 1999, Aksa's Open Door Events continued in 2012. Visitors including non-governmental organizations, local communities, students, families of employees, customers, benchmarking teams, local and international visitors have a trip to the production area of Aksa and are informed on-site. At the end of the visit, evaluation surveys are given and outcomes are used for improvement strategies. Over 17 thousand visitors have had the opportunity to visit Aksa Akriilik facilities and receive information since the launch of Open Door Events in 1999.

In 2012 separate field trips were organized for elementary school, high school, associate's degree and undergraduate students guided by Aksa officers. During the events eye, laboratory, fiber stretching, treatment, and textile pilot facilities as well as other sections requested by guests were visited.

Within the scope of "Open Door Days" events, Aksa organized Power Plant Contact Meetings in June 2012. Opening the doors of the power plant (the first phase of which is activated) that was built to support the existing natural gas power plant, Aksa first welcomed the Members of Provincial Council and City Council and then hosted

Members of Çiftlikköy and Taşköprü City Councils and village headmen. The last guests of the year were members of city councils of various districts and towns. Open Door Days are organized to encourage the people of Yalova to see the power plant within their borders and have their questions answered.

Ak-Kim

With the Open Door Policy it activated in 1999, Ak-Kim ensures that its employees can easily reach their managers about every issue. Within the framework of this policy "Chat with the CEO" meetings where working conditions are discussed in a great transparency are organized twice a year, with the participation of employees.

Ak-Kim also opens its facilities to public institutions and organizations as well as students -from primary school to college- that would like to visit the Company and get information. When students visit the facility, Ak-Kim managers and employees try to help them in identifying future goals and selecting professions, thus increasing their awareness. In 2012, Ak-Kim welcomed 77 students.

Ak-Tops

Since its establishment, Ak-Tops ensures that its employees can easily reach their managers about every issue with the Open Door policy. Within the framework of this policy "Chat with the CEO" meetings are organized twice a year, with the participation of employees and interns. Interns get help in identifying their future goals and gaining awareness. In addition, seminars on the profession and factory visits are planned for students.

Akiş GYO

Akiş GYO ensures that its employees can easily reach their managers about every issue with the Open Door policy initiated in 2009.

GRI SUSTAINABILITY REPORTING GUIDELINES INDEX

This Report has been issued to disclose the sustainability policy, practices and performance of Akkök Group of companies. The contents of the Report are developed in compliance with the G3 version of the GRI (Global Reporting Initiative) Sustainability Reporting Guidelines, which is an internationally recognized reporting standard. The data collected to meet the minimum C-application level indicators covers the financial year January–December 2012. The table below shows the information provided in the report and/or the related pages within the framework of GRI's C-level application.

STANDARD DISCLOSURES PART I: Profile Disclosures				
1. Strategy and Analysis				
Profile Disclosure	Description	Reported in	Scope of reporting	Reference pages/ Explanations
1.1	Statement from the most senior decision-maker of the organization, regarding the relevance of sustainability to the organization and the strategy of the organization	Message from the CEO and Chairman	Full	2-3
2. Organizational Profile				
2.1	Name of the organization		Full	Akkök Sanayi Yatırım ve Geliştirme Anonim Şirketi
2.2	Primary brands, products, and/or services	Company Profile	Full	5, 7-8
2.3	Operational structure of the organization	Company Profile	Full	7-8, 10
2.4	Location of organization's headquarters		Full	Gümüşsuyu Miralay Şefik Bey Sok. Akhan No:15 Beyoğlu-İstanbul, Turkey
2.5	Countries where the organization operates		Full	Turkey
2.6	Nature of ownership and legal form	Company Profile	Full	9
2.7	Markets served	Company Profile	Full	7-8
2.8	Scale of the reporting organization	Company Profile	Full	5-7
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Company Profile	Full	7-8
2.10	Awards received in the reporting period	Company Profile	Full	11
3. Report Parameters				
3.1	Reporting period	About the Report	Full	1 January 2012 - 31 December 2012
3.2	Date of most recent previous report (if any)	About the Report	Full	This is the first sustainability report published.
3.3	Reporting cycle		Full	The second sustainability report will be published in 2015 by including 2013 and 2014 data.
3.4	Contact point for questions regarding the report or its contents		Full	Akkök Sanayi Yatırım ve Geliştirme A.Ş. surdurulebilirlik@akkok.com.tr
3.5	Process for defining report content	About the Report Approach to Sustainability	Full	1, 16-17
3.6	Boundary of the report	About the Report	Full	1

GRI SUSTAINABILITY REPORTING GUIDELINES INDEX

Profile Disclosure	Description	Reported in	Scope of reporting	Reference pages/ Explanations
3.7	Specific limitations on the scope or boundary of the report	About the Report Company Profile	Full	1, 7
3.8	Basis for reporting on joint ventures and other related organizations	About the Report	Full	1
3.10	Explanation of the effect and reasons of any re-statements of information provided in earlier reports	About the Report	Full	This is the first sustainability report published.
3.11	Significant changes in the scope, boundary, or measurement methods applied in the report	About the Report	Full	This is the first sustainability report published.
3.12	GRI Indicators table	GRI Index	Full	The mentioned table is this table given between pages 60 and 63.
4. Governance, Commitments, and Engagement				
4.1	Governance structure of the organization	Company Profile	Full	9-10
4.2	Whether the Chair of the highest governance body is also an executive officer		Full	The Chairman is not an executive officer.
4.3	Number of independent members of the highest governance body		Full	There are no independent members.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		Full	There is no mechanism which are intended for shareholders because Akkök is a non-public company.
4.11	The precautionary approach or principle	Environment	Full	19
4.12	Externally developed sustainability initiatives to which the organization subscribes or endorses	Approach to Sustainability	Full	17
4.13	Memberships in associations	Approach to Sustainability	Full	17
4.14	List of stakeholder groups engaged by the organization	Approach to Sustainability	Full	16-17
4.15	Identification and selection of stakeholders with whom to engage	Approach to Sustainability	Full	16-17
4.16	Approaches to stakeholder engagement	Approach to Sustainability	Full	16-17
STANDARD DISCLOSURES: PART III Performance Indicators				
Economic				
EC1	Direct economic value generated and distributed	Company Profile	Partial	7
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.		Partial	Regarding standard entry level wage, while we take into account the legal minimum wage applicable in Turkey, at Akkök Group of Companies entry wages are usually higher than minimum wage. For supervised workers, we make sure minimum wages are paid.

GRI SUSTAINABILITY REPORTING GUIDELINES INDEX

Profile Disclosure	Description	Reported in	Scope of reporting	Reference pages/ Explanations
Economic				
EC8	Infrastructure investments and services provided for public benefit through commercial, in-kind, or pro bono engagement	Contribution to Society	Full	57-59
Environmental				
EN3	Direct energy consumption by primary energy source	Environment	Full	23
EN4	Indirect energy consumption by primary source	Environment	Full	23
EN5	Energy saved due to conservation and efficiency improvements	Environment	Full	24-25
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Supply Chain Responsibility	Full	53-54
EN8	Total water withdrawal by source	Environment	Full	26
EN9	Water resources significantly affected by water withdrawal	Environment	Full	26
EN13	Habitats protected or restored	Environment	Partial	29
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Environment	Partial	29
EN16	Total direct and indirect greenhouse gas emissions by weight	Environment	Full	25
EN17	Other related indirect greenhouse gas emissions by weight	Environment	Full	25
EN21	Total water discharge by quality and destination	Environment	Full	27
EN22	Total weight of waste by type and disposal method	Environment	Full	28
EN26	Initiatives to mitigate environmental impacts of products and services	Supply Chain Responsibility	Full	53-54
Social: Labor Practices and Decent Work				
LA1	Total workforce by employment type, employment contract, and region	Employees	Full	32-33
LA2	Rate of employee turnover by age group, gender, and region	Employees	Full	35-37
LA3	Benefits provided to full-time employees	Employees	Full	42
LA5	Minimum notice period(s) regarding significant operational changes	Employees	Full	31
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Occupational Health and Safety	Partial	46-48

GRI SUSTAINABILITY REPORTING GUIDELINES INDEX

Profile Disclosure	Description	Reported in	Scope of reporting	Reference pages/ Explanations
Social: Labor Practices and Decent Work				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety	Full	49
LA8	Training, education, guidance, disease prevention and risk control programs for severe diseases	Occupational Health and Safety Contribution to Society	Partial	50-51, 58
LA10	Average hours of training per year per employee by employee category	Employees	Full	48
LA12	Percentage of employees receiving regular performance and career development reviews	Employees	Full	39-40
LA13	Composition of governance bodies and breakdown of employees according to gender, age group, minority group membership	Employees	Partial	34
Social: Human Rights				
HR6	Incidents of child labor, and measures taken to contribute to the elimination of child labor		Full	Akkök does not have any operations that might pose such risks.
Social: Product Responsibility				
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Supply Chain Responsibility	Full	54-55

GRI APPLICATION LEVEL APPROVAL



Statement GRI Application Level Check

GRI hereby states that AKKÖK SANAYİ YATIRIM VE GELİŞTİRME A.Ş. has presented its report "2012 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C.

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, 28 January 2014

A handwritten signature in blue ink, appearing to be "N. Arbex", is written over a large, faint watermark of the GRI logo.

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

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 21 January 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

Akkök Sustainability Report ("the Report") was prepared solely for informative purposes and does not create a basis for any kind of investment decisions. All contents and information in this Report are prepared using the information and sources deemed to be accurate and reliable in the time the Report was written. None of the information and content in this Report can be interpreted as a statement, warranty and/or commitment; nor is it guaranteed that the information and content in this Report is complete and constant.



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