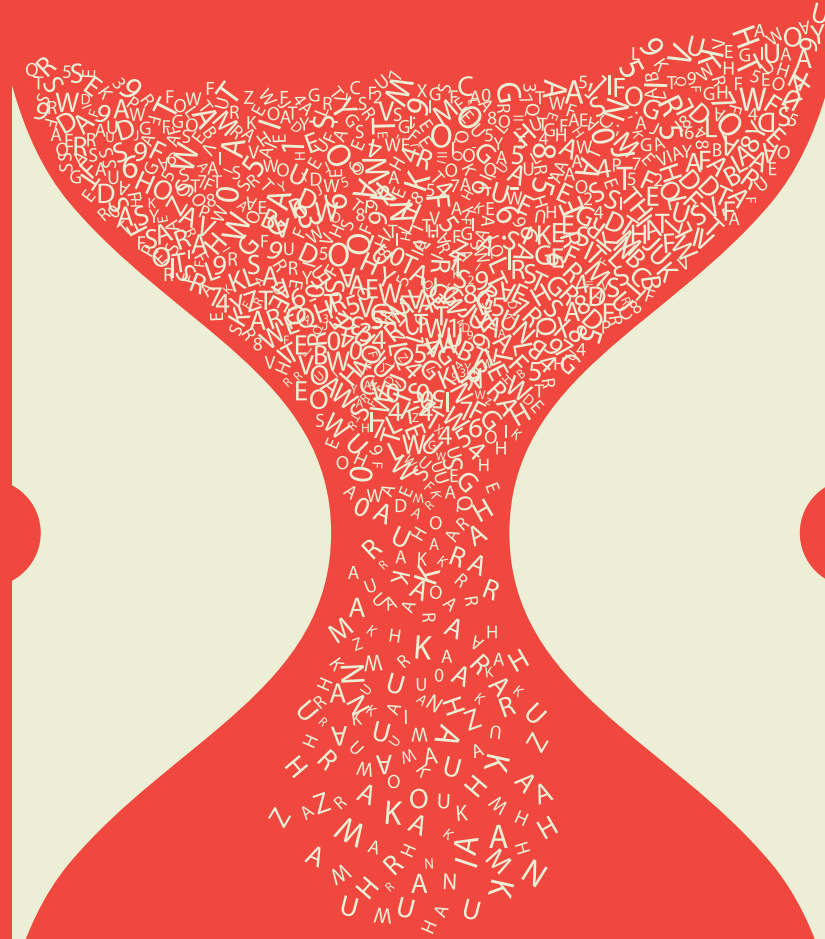


# READING THE SPIRIT OF THE TIME



**Koç Group**  
Corporate Social Responsibility Report 2013

# CONTENTS

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

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

For more detailed information regarding our operations as well as any updates and news beginning 1 January 2014, you may visit Koç Holding corporate website along with the websites of the individual Group companies and Vehbi Koç Foundation. You may find the PDF version of CSR Report on the corporate website.

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

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

## Contents:

- 1 About the Report
- 2 Message from the Chairman
- 3 Message from the CEO
- 4 Koç Group in 2013
- 6 Governance at Koç
- 12 Human Rights at Koç
- 16 Work Environment at Koç
- 24 Environmentally-Friendly Practices at Koç
- 36 Ethical Values at Koç
- 38 MLMM
- 44 Social Development at Koç
- 56 GRI Indicators

## The Global Compact

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

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

According to the data provided on the UNGC website ([www.unglobalcompact.org](http://www.unglobalcompact.org)) at the time when this report was coming out, the Global Compact has reached over 12,000 participants from 130 countries, 8,100 of those participants are businesses and the remaining 4,271 include public agencies, local administrations, associations, foundations, trade unions, professional organizations and academic bodies. With 291 participants in Turkey, the UN Global Compact has established a local network.

## The 10 Principles of the UN Global Compact

### Human Rights

- P.12-15 Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- P.12-15 Principle 2: Make sure that they are not complicit in human rights abuses

### Labor Standards

- P.12-15 Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- P.12-23 Principle 4: The elimination of all forms of forced and compulsory labor;
- P.12-23 Principle 5: The effective abolition of child labor; and
- P.12-23 Principle 6: The elimination of discrimination in respect of employment and occupation

### Environment

- P.24-35 Principle 7: Businesses are asked to support a precautionary approach to environmental challenges;
- P.24-35 Principle 8: Undertake initiatives to promote greater environmental responsibility
- P.24-35 Principle 9: Encourage the development and diffusion of environmentally-friendly technologies

### Anti-Corruption

- P.36-37 Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery



## ABOUT THE REPORT

Main criterion for companies to enable their long term development is the capacity to read the spirit of time by anticipating stakeholder expectations accurately as well as the conditions they operate in. Key factor which enabled Koç Group, for 88 years, to increase its business value even during the most challenging periods, to deliver innovative products and services that increase quality of life for people living in its operating geographies, and to conduct projects suitable for development expectations and demands, is structuring its working principles and operations through vision beyond of its time.

In line with transparency and accountability principles, we intend to foster our relations with stakeholders in a constructive climate. To that end, since 2008, we publish Koç Group Corporate Social Responsibility Reports through which we present our management approaches and performance regarding social, environmental and economic aspects to our stakeholders in a comprehensive and reliable framework.

Like the previous reports we issued, in 2013, we have followed the UN Global Compact COP reporting principles and the Global Reporting Initiative G3 Reporting Framework B level application requirements. We take the extent of impact areas and the diversity of stakeholders into account while we develop the content of the report and its communicative language. In this regard, a broad range of stakeholder, mainly, our employees, customers, shareholders, investors, occupational organizations and NGOs constitute the audience for our report.

This report covers Koç Holding activities and projects carried out in Turkey between January 1<sup>st</sup> 2013 and December 31<sup>st</sup> 2013. The principles suggested by GRI G3 framework are adopted in determining the content, scope and the cohesiveness of the report. This year, our report covers practices and performances of Group Companies **Arçelik, Aygaz, Ford Otosan, Koç Information Technologies Group\* Companies, Opet, Otokar, Otokoç Otomotiv, Tat, Tofaş, Tüpraş, TürkTraktör** and **Yapı Kredi**. Unless there is a statement to the contrary, apart from the sections that present the general profile of Koç Holding, the performance of all these companies is included in the data regarding sustainability performance indicators. Although the report encompasses information on corporate structure, projects and performance results regarding Vehbi Koç Foundation, unless there is a statement to the contrary, its performance is not included in the consolidated quantitative performance data, tables and charts presented throughout the report. The reporting content that we have generated represents 87% of Group employees and 94% of combined revenue.

\* Koç Information Technologies Group does not represent a legal entity, but a common name for, Koç Group IT Companies, namely **KoçSistem, Bilkom, Koç Information and Defence Technologies**. Within this report, unless otherwise stated, all performance and application information disclosed regarding Koç Information Technologies Group consists of the shared data and practices of these 3 companies.



# Message From the Chairman

Dear Stakeholders,

A small family business founded 88 years ago, Koç Group expanded into the largest private sector establishment of Turkey operating in several sectors. Our most important characteristic, which prepared the ground for this transformation that Koç Group has realized, is our capacity to read the spirit of our times and to adapt to new conditions swiftly and to respond effectively. By this means, Koç Group has kept its successful and leading stance in every period regardless of the conditions.

Today we are living in the age of worldwide transformation in all spheres, from environment to business and social life. In this period of transformation, the spirit of our times testifies to the substantiality of pursuing responsible and sustainable business models also indicated by our corporate values that we have emphasized since our

establishment. In consideration of this requirement, Koç Holding and our Group companies are focusing on the active management of sustainability risks and on ensuring sustainable growth through long term strategies. By virtue of this standpoint, our success is increasing every passing day and Koç Group solidifies its position before our international stakeholders as one of the most credible investment options in Turkey. Last year, when the international credit rating agencies S&P and Moody's determined the credit rating of Koç Holding as "investable", we became the first Turkish company ever to be rated at this level. Such achievements encourage us about the accuracy and consistency of our principles and objectives.

In 2013, Koç Group, with over 80,000 employees in various sectors, produced a combined revenue equal to 8% of the national income of Turkey and realized 10% of Turkey's total export. Being the largest private sector employer of Turkey, the considerable sphere of influence our Group has, increases our responsibility to present future generations with a sustainable and high-class living standard. This responsibility is a precious legacy which Our Founder Vehbi Koç has left behind. In order to advance this legacy, we develop products and services which are environmentally safe in terms of production conditions and use, contribute to the improvement of socioeconomic quality of life, meet the expectations and necessities of the day and are accessible by large segments of society as we have done for 88 years. We strive to present an example for the best and the truest with the activities we pursue in many areas, influencing the economic, social and environmental development of our main geography of operation, Turkey.

During the reporting period, Koç Group companies sustained their high performance in all areas of sustainability, particularly environment. This year, we have improved our performance in the areas of energy and water efficiency, GHG emission and waste reduction compared to the last period. In 2013, our Group companies have presented the most environmentally-friendly product options in their sectors and gained the appreciation of consumers. Our increasing allocation of resources for R&D studies, having become one of the leading companies of Europe in this field, has certainly contributed immensely to these achievements.

Climate change is still facing us as the paramount environmental issue of today's world, waiting for an effective response. If we intend to create a sustainable future for posterity, it is necessary for public and private sectors as well as civil society to deal with this issue jointly. For this reason, as Koç Group, on the one hand, we improve our operation processes in view of climate risks; while on the other hand, we develop products and services complying with the rationale of low carbon economy.

Koç Holding, Group companies and Vehbi Koç Foundation have continued their contributions to social development in the year 2013. They have carried out activities in education, health, culture and arts, environment and many other fields, influencing the lives of hundreds of thousands of people for the better. "Vocational Education: A Crucial Matter for the Nation" Project, which we started in 2006 to raise awareness about the importance of technical and vocational education has forged a model for the collaboration of public-private sector and hence has been praised globally. While 8 Group Companies established 29 laboratories, 7 education centers, 1 vocational high school and 1 vocational college in 5 sectors, as of 2013, we have successfully completed the project and passed it on to the Turkish business world through Corporate Volunteers Association, for it to reach an even wider area of influence. The greatest reward for us is to know that we have contributed in the recognition of the value of vocational education and in the accomplishments of our students.

In the year 2013, we are glad to have had a term when we maintained our success in the fields of economic performance as well as sustainability and responded to the expectations of our stakeholders. We will continue our growth in the direction the spirit of our times points us to, in the coming terms as well. I would like to express our gratitude to all stakeholders - particularly to our employees, customers, investors, suppliers and business partners- who have made this performance possible.

Mustafa V. Koç

Koç Holding A.Ş.  
Chairman



# Message From the CEO



Dear Stakeholders,  
2013 proved to be a successful period for us thanks to Koç Group companies reinforcing not only our economic success through strong growth but also improving our environmental and social sustainability performance. The farsighted management culture we have pursued from the very first day of our establishment that grasps the spirit of our times and generates value for our community has played a significant role in our success today.

As far as Koç Holding and Group companies are concerned, responsibility means harmonizing social development and corporate goals in line with the spirit of our times. We find the essence of this understanding in our late founder Vehbi Koç's words that go beyond the period he lived in, "I live and prosper with my country". Apart from Koç Group that boasts the most prestigious and successful organizations in the sectors it operates, we firmly believe in the fact that this understanding happens to be the most valuable heritage we are trusted with. Aware of the responsibility that comes with this respectable heritage and led by a view going beyond the times they live in, all managers of Koç Holding and Group companies are therefore focused on achieving sustainability goals.

During the reporting period, the studies undertaken by our Group companies in line with our strategic plans proved to be successful. As a result of the efficiency practices we have emphasized, our Group companies managed to reduce their total energy consumption by 3.06 million GJ and their total greenhouse gas emission went down by 208.2 thousand CO<sub>2</sub>e. In line with the same understanding, we recycled 12.6 million m<sup>3</sup> of water and ensured that 30.2% of the total water demand is met through recycled water.

Preventing any negative impact on biodiversity in the areas we operate is an indispensable priority for all our Group companies. In addition to their activities for environmental protection, our group companies also planted 55,944 saplings, hence continuing our traditional efforts for reforestation in 2013.

Developing product and service options with reduced environmental and social impact is one of the main responsibilities of businesses to create a sustainable future, therefore facilitating responsible consumption habits in consumers and scaling positive impact. From raw material supplies to after sale processes, suitable practices for eliminating environmental and social risks are pursued throughout the product life cycle to reach that aim. Having invested TL 677 million in R&D in 2013, our group companies sought to increase the added value for the products and services they provide and strived to minimize the environmental impact of those products and services while also aiming to eliminate social risks by undertaking training and inspection studies within the value chain. What is more, these practices of ours also created a positive influence over the competitive power of the products and services we develop.

Directing its resources to the areas it could create the highest benefit for the community, Koç Group has never paused a single second to take responsibility to ensure further social development in the light of its corporate values. "Vocational Education: A Crucial Matter for the Nation" Project, which we completed in 2013, and "For My Country" Project, which periodically focuses on different social problems, are the best examples for this approach of ours. The fact that 27,114 Koç Group employees and 17,705 people from various stakeholder groups lent their support for the social project studies performed by Koç Holding and Group companies show how much our efforts for social development are adopted in our entire impact area, especially by our employees.

On a global scale, we are living in the age of transformation marked by discussions regarding the role of business world while social expectations and needs reshape. As Koç Group, we monitor this transformation carefully and structure our long-term strategies accordingly. In that respect, we aim to make the year of 2014 a period during which we develop our priorities and strategies regarding social, environmental and economic issues in line with the spirit of our times. Like in all times of change we have been through for the last 88 years, we fully believe that we will emerge from this period stronger than ever thanks to our open-minded thinking, ability to come up with creative solutions and our will to do nothing short of our very best.

For their continued support and trust they have held in us, we would like to express our gratitude to all our stakeholders- especially to our employees, shareholders, suppliers, dealers and customers, who will lead us to future success like they have always done in the past.

Turgay Durak

Koç Holding A.Ş.  
CEO

# Koç Group in 2013

KOÇ GROUP, THE LARGEST INDUSTRY AND SERVICES CONGLOMERATE OF TURKEY, CARRIED IT'S PROGRESS IN 2013. ACCORDING TO İSTANBUL CHAMBER OF INDUSTRY'S TURKEY'S TOP 500 INDUSTRIAL ENTERPRISES 2012 LISTING, FIVE OF THE TOP TEN COMPANIES ARE KOÇ GROUP COMPANIES.

## Energy

### Main Companies

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

### International Alliances

AES Corporation

## Automotive

### Main Companies

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

### International Alliances

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

## Consumer Durables

### Main Companies

Arçelik\*  
Arçelik-LG Klima

### International Alliances

LG Electronics

## Finance

### Main Companies

Yapı Kredi Bankası\*  
Yapı Kredi Leasing\*  
Yapı Kredi Yatırım Ortaklığı\*  
Yapı Kredi Koray\*  
Yapı Kredi Faktoring  
Yapı Kredi  
Yapı Kredi Portföy Yönetimi  
Koçfinans

### International Alliances

UniCredit

## Other

### Main Companies

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

### International Alliances

B&Q  
Kagome  
Sumitomo

\* Listed Companies

# 10% OF

TURKEY'S TOTAL EXPORT

Koç Group has generated a combined financial revenue equivalent to

# 8%

OF TURKEY'S NATIONAL INCOME

57

Number of Facilities  
Certified with OHSAS  
18001

27,114

Number of Employees  
Volunteering for  
Social Projects

65

Number of  
Facilities Certified  
with ISO 14001

226

TL million  
Environmental Protection  
Expenditures and  
Investments

243

Number of Charitable,  
Sponsorships  
and Other  
Social Projects

55,944

Saplings Planted for  
Reforestation

ONE OF THE  
WORLD'S  
LARGEST

250

companies

In 23 countries

80,996 employees

48,298 person x hours  
environmental trainings  
provided to employees

World's Largest

217<sup>th</sup> Company

in Fortune Global 500 List Koç Holding is still the only Turkish corporation listed in Fortune 500.

Koç Holding is entitled as “World's Most Admired Companies” in energy sector in Fortune's 2013 rankings.

World's 614<sup>th</sup> largest R&D investor

Koç Holding was listed among the world's top companies by R&D investment according to the “EU Industrial R&D Investment Scoreboard” for 8 consecutive years. Of the 5 Turkish companies on the list, 2 are Koç Group Companies.

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

Four of the top ten companies in Turkish Exporters' Assembly's “Top 1,000 Exporters of Turkey” listing in 2012 are Koç Group Companies.

Koç Holding's “For My Country Project-Donate Your Status” social media application received two awards in “The Best Corporate Social Responsibility Campaign” and “The Best Campaign Regarding Disabled People” categories at the Farmaskop National Health Communication Awards.

Koç Holding was named as “The Most Admired Company” in Capital's ‘2013 Survey of The Most Admired Companies In Turkey’

Values (TL Million)	31 December 2013	31 December 2012	Change %
Consolidated Revenues	66,182	65,666	1
Gross Profit	7,006	6,589	6
Operating Profit	3,727	3,811	-2
Profit Before Tax	3,055	3,778	-19
Tax Income / Expenditure	945	-34	2,885
Net Income	4,000	3,744	7
Minority Interest	1,321	1,420	-7
Equity Holders on the Parent	2,680	2,324	15
Total Assets	58,790	48,688	21
Total Equity	26,191	24,261	8
Shareholders' Equity	18,035	16,286	11

#### KOÇ GROUP COMPANIES TOTAL R&D EXPENDITURES (TL MILLION)

2013	677
2012	570
2011	503
2010	381

AVERAGE ANNUAL  
INCREASE IN  
TOTAL R&D  
EXPENDITURES  
BETWEEN  
2010-2013  
**21%**

#### TOTAL NUMBER OF R&D STAFF IN KOÇ GROUP COMPANIES

2013	3,397
2012	3,258
2011	2,744
2010	2,385

INCREASE IN  
NUMBER  
OF R&D EMPLOYEES  
BETWEEN  
2010-2013  
**42%**

**30.2%**

Percentage of Recycled  
Water in Total Water Usage

**3.06**

MILLION GJ

Total Energy  
Saved

**208.2**

BİN TON

Total GHG  
Emission Reduction

# Governance at Koç



Being the best at all times is our indispensable goal.

Our Founder Vehbi Koç ”

## Corporate Governance at Koç

Shaped by Koç Group principles such as integrity, respectability, ethical behavior, compliance with laws and regulations, our corporate governance model form the backbone of the effective and robust management structures of Koç Holding and all the Group Companies. Based on our founder Vehbi Koç's visionary perspective, having a strong corporate governance structure was adopted by Koç Group as a management approach long before the concept reached its current value today in the business world. Koç Holding has thus been one of the first institutions to undertake pioneering initiatives to reach high standards of corporate governance. Koç Holding anticipates the future for the sectors they operate as well as for the development of administrative skills. For instance, Koç Holding is one of the first Turkish companies that adopted various governance principles such as having independent members on the board, correlating the remuneration of the senior management with sustainable financial and operational performances. Exhibiting a transparent, fair, responsible and accountable management approach, and setting out compliance with regulatory rules for the organizational structure, policies and processes are amongst the principles that Koç Holding and Group Companies are required to adhere to at all times.

Koç Holding and Group Companies have duly adopted the "Corporate Governance Principles" issued by the Capital Market Board (CMB), implementing the principles to a large extent, and continuously enhancing their level of implementation. The Corporate Governance Compliance

Report is submitted every year in Annual Report for our stakeholders' information. Of our Group Companies traded on the stock exchange, **Arçelik, Aygaz, Otokar, Tofaş, TürkTraktör, Tüpraş** and **Yapı Kredi Bank** receive corporate governance ratings at regular intervals, and as a consequence of high grades received, they are traded on the Corporate Governance Index.

## Board of Directors

The structure of Board of Directors at Koç Holding adheres to the Corporate Governance Principles set forth by CMB. Koç Holding has several internationally acclaimed professionals on its board of directors as independent members, and has been one of the pioneering Turkish companies in this regard. None of the Board members have executive role. Currently, in the sequel of our applications to CMB, 5 out of the 15 Board Members, are acknowledged as independent members under the the CMB principles. Additionally, 2 other members comply with all independence criteria as per Income Tax Law except for Turkish residence criteria and duration requirements. Koç Holding's Board of Directors Chairmanship and CEO positions are carried out by different individuals.

For Board Membership positions of Koç Holding, well-qualified individuals equipped with superior level of knowledge and skills with experience in particular sectors are selected. The resumes of the Board members are released to the public on the corporate website and the Annual Report. Committees are present to ensure that the Board performs its

duties and responsibilities in a healthy and efficient manner.

## Audit Committee

The Audit Committee is responsible for the functioning and effectiveness of the processes and systems such as the accounting system, public disclosure of the financial data, independent auditing and internal control of the partnership. The selection of an audit company takes place under the Audit Committee, responsible for auditing the audit company at every stage of the auditing process that begins with the preparation of independent audit contracts. The Committee is comprised of 3 independent members in total.

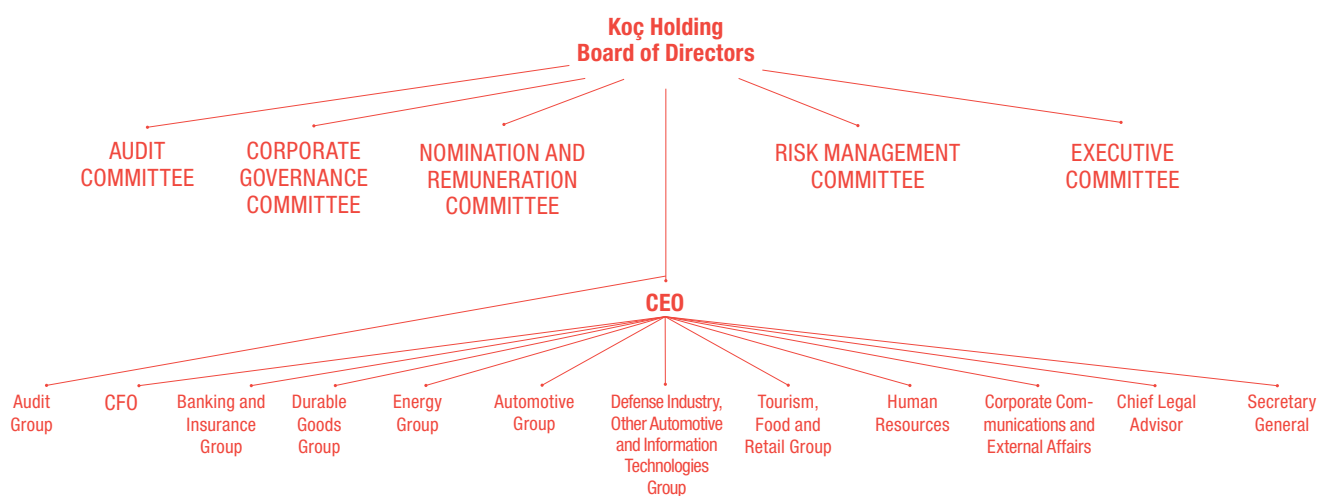
## Corporate Governance Committee

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

## Nomination and Remuneration Committee

Established for nominating candidates to the Board of Directors and fulfilling the determined duties regarding remunerations of the members of the Board of Directors as well as senior managers, the Nomination and Remuneration Committee is comprised of 2 members in total





including an independent member who also serves as the chairman.

### Risk Management Committee

Risk Management Committee is established to work on an early diagnosis of the risks that may put the existence, development and continuity of the company at stake and taking necessary measures regarding the risks detected and conducting studies regarding risk management. Including the independent member serving as the chairman, the Committee is comprised of 2 members in total.

### Executive Committee

Composed of Board members who are non-executive, the Executive Committee is established to increase the efficiency of the works of the Board of Directors, ensuring efficiency for the coordination between the Board and the administrative structure, the investments and business developments in the areas favorable to the strategic goals determined.

You can find detailed information on the establishment of the Board of Directors and the Committees, their working principles and member composition on the corporate website [www.koc.com.tr](http://www.koc.com.tr).

### Sustainability Management at Koç

Koç Group's sustainability management takes as reference its corporate governance structure, business ethics and social responsibility culture, as well as the UN Global Compact signed in 2006. The Group Companies are obliged to abide by 10 principles set forth by the said initiative, stated under pillars of working conditions, human rights, the environment, and anti-corruption, as well as the policies and strategies set forth by Koç Holding, over all operational geographies. Koç Holding and the Group Companies are reporting the performance in these areas, conducting continuous improvement-based works.

### Strategic Planning

Koç Holding Board of Directors manages and represents the Company by way of finding the balance between risk, growth and profit via strategic decisions and overseeing its long-term interests with its rational and cautious understanding of risk management. Our Board of Directors defines Koç Holding's specific targets, specifies human and financial resources need and audits the performance of the management.

At strategic meetings organized once in every four years, Koç Holding Board of Directors monitors Koç Group's financial performance for 3-month periods in comparison with the budget and follow the developments in strategic issues, developing suggestions. During the period of year-end performance evaluation, not only the financial and operational indicators but also the materialization level of the targets to realize the Company's strategies are measured in order to provide input for performance and rewarding.



Koç Holding Employees

### Risk Management

Koç Holding Board of Directors gives utmost importance to Risk Management and Reporting. Works on risk analysis and management of Koç Holding are conducted under the leadership of the Presidency of Finance, in cooperation with the other Presidencies. By means of meeting and reporting activities carried out periodically, all potential risks to be encountered by Koç Holding are inquired and evaluated under the main titles of financial risks, operational risks, legal risks, and are subjected to comprehensive and detailed assessment.

### Management of Social and Economic Issues

Taking human resources as the most important form of capital, Koç Group Companies provide employees with safe and fair workplaces where human dignity remain at the forefront; human rights are maintained; the professional development of employees is supported, and equal opportunities for their development are provided. Human resources policies and strategies set forth by Koç Holding are shaped and followed by the Group Companies through customizations made in accordance with the characteristics of the sectors they are operating in. Under personnel regulations published by the Companies, principles with respect to issues like social rights of the employees, working conditions, occupational health and safety are specified, managed by the systems and procedures established, and the implementation as well as results of performance attained are monitored

at the Company and Holding levels. Human rights, primarily the principle of freedom of assembly, are secured; discrimination, child labor, forced and compulsory labor are prevented within the framework of the Group Companies under the policies and procedures as per the national legislations and international conventions, particularly the relevant provisions under UN Global Compact. Group Companies expect from their suppliers and business partners to meet similar operational standards and carry out follow-ups to meet the aforesaid conditions within the scope of their field of impact. Under Group Companies, human resources policies are managed by expert units whereby bodies are constituted with the representation of employees, primarily in the field of occupational health and safety.

Koç Holding Code of Ethics and Business Conduct binds all Group Companies and regulates the relations of the employees with the customers, government, shareholders, competitors, suppliers, agents, authorized dealers and services. Within this framework, under all Group Companies, Code of Conduct Boards have been established to check against the violations of rules and to ensure compliance.

### Management of Environmental Issues

Koç Group has generated an Environmental Policy, Environmental Vision and Climate Change Strategy to provide guidance for all the Group Companies regarding environmental issues. Envi-

ronmental Council, established upon the participation of the Group Companies, is involved in activities concerning the implementation of relevant policies and strategies as well as their spread among the Companies. With respect to Koç Group Environmental Policy and Visions, environmental issues are addressed within the target scope of each Group Company. Environmental audits are carried out at specific intervals and the assignment of environmental targets to companies' senior managers, further emphasize the importance attached to the management of environmental issues.

### Sustainability Performance Management

Maintaining corporate sustainability at Koç Group Companies is considered as the main target of Koç Holding. Toward such goal, the managerial approaches developed in the respective areas of social, economic, and environmental responsibilities, are monitored on an objective methodology basis through Koç Group Sustainability Performance Assessment and Reporting System since 2010. The system is continuously improved thanks to the user and expert feedback received at the end of every reporting period. The general qualities of the system as well as the upgrades in processes are conveyed to the Group employees through the workshops that take place at the beginning of every reporting period. Handbooks and informative documents are prepared so that the system is used efficiently in terms of its content and cognitive base. The Group employees are provided with

7

*Number of Companies Listed in  
ISE Corporate Governance Index*

84

*Aygaz's LPG Cylinder  
Customers Loyalty Score*

direct access to expert support during data compilation processes for performance assessment in order to increase data security.

#### **Our Stakeholders**

In line with its governance principles and sustainability management, Koç Holding is in constant and constructive communication with its stakeholders. The stakeholders of Koç Holding and Group Companies are identified based on impact assessments. Because of the structure of its affiliations, Koç Holding does not establish direct relationship with customer, agents and etc. However, through its shareholders, Koç Holding deals with a broad range of stakeholders, companies, employees, dealers, agents, customers, NGOs and public institutions.

The frequency of stakeholder engagement depends on need and forms of engagement. In addition, project-based partnerships, one-way and two-way information provision and feedback methods, mutual discussions and similar practices take place depending on the need for the processes of stakeholder engagement.

The main principle in identifying corporate stakeholders to develop collaboration is to comply with the principles of honesty, respect, ethical conduct, and laws and regulatory codes. Moreover, the value added and multiplier effects, proactivity and creativity dimensions as well as sustainability are also among the principles for the cooperation developed with stakeholders.

The inquiries made to the Department of Investor Relations are answered verbally, in writing or via email depending on the method preferred for making the inquiry. The inquiries are predominantly about the operations of the companies, their shareholding status as well as plans for the future. You may access to the data provided in meetings attended by executives from the following link: <http://www.koc.com.tr/en-us/investor-relations>

In 2013, Department of Investor Relations attended 23 roadshow and conferences inside and outside Turkey and came in contact with over 600 current and potential investors. Through organizing about 30 meetings, the Department had one-to-one contact with analysts and the shareholders were informed more regarding the recent developments.

Koç Holding and its subsidiaries comprising approximately 90% of its net active value are publicly traded; thus they attribute an utmost importance to transparency, equality and continuous communication. The share performance of Group companies relative to Borsa İstanbul and its peers as well as the timely and equal communication over internet and investor presentations play a fundamental role for performance assessment and remuneration of Koç Group executives.

Stakeholders are regularly invited to participate in the meetings concerning them or are informed through our intranet and electronic media. The public

is informed via press meetings and statements, and our press releases are published concurrently on the corporate website and the corporate social media accounts.

Our stakeholders convey Koç Holding their demands of individual and corporate support, sponsorship and scholarship. Those demands are evaluated according to their respective areas by Koç Holding Corporate Communication Directorate and Vehbi Koç Foundation and are addressed in accordance with their future plans. Concerning these issues, the corporate websites and e-mail addresses of Koç Holding and Vehbi Koç Foundation, as well as [gc@koc.com.tr](mailto:gc@koc.com.tr) are used for communication.

Our employees are regularly kept informed through announcements and various organizations. In addition to that, our intranet, which is accessible to our Group employees, covers important announcements, changes in management and press releases. To increase communication with the employees, an in-house monthly magazine named "Bizden Haberler" - News from Us- is issued on a regular basis.

Customers of Koç Group companies are able to share their views, suggestions and complaints regarding the products and services with the related departments through the call centres of the companies as well as via telephone, e-mail and websites. The issues customers mainly contact are composed of their views, suggestions and complaints





Tüpraş İzmit Refinery

regarding products and services. The issues the customers have mentioned are then forwarded to the call centres, PR, HR and Corporate Communication departments of the related companies to be duly addressed.

Koç Holding Chairman, CEO and senior managers participate in “Anadolu Buluşmaları” (Anatolian Rendezvous), dealers’ meetings held to bring Group company dealers from different regions together and enable them to produce ideas and exchange their views. As part of these meetings, the dealers are informed regarding the current developments in the Group and mutual exchange of views is encouraged.

On the grounds of the importance of company-dealer-customer relationship, Koç Holding monitors dealers’ satisfaction to the companies they are affiliated with. Dealer Satisfaction Survey, tenth of which was carried out in 2013 by an independent research company, covers the 6,700 dealers operating in 81 provinces of Turkey. Just like customer satisfaction, the improvement goals set for dealer satisfaction are reflected on the performance goals of the companies’ management.

Periodic satisfaction surveys play an important role in setting development and improvement goals regarding customers. The Customer Satisfaction Survey, held regularly since 2003, covers 22 different sectors and is considered as the widest scoped final consumer survey conducted. 22 brands owned by 12 Koç Group companies and 125

competitor brands are included in the Survey. The results of the survey which is held through approximately 45,115 face-to-face interviews in 51 provinces are incorporated in the business performance goals.

In the customer satisfaction survey held among 4,930 LPG cylinder customers in 34 provinces, the loyalty score of the **Aygaz** LPG cylinder customers increased by 6 points and reached 84 points. This score was shown to be 9 points higher than the loyalty index of the sector. In the customer satisfaction survey conducted for the auto-gas sector among 3,193 people from 30 provinces in 2013, Aygaz scored 74 points and the loyalty score of the Aygaz auto-gas customers turned out to be 4 points higher than the sector loyalty index. Aygaz has been the sector leader since 2003 when the surveys began to be held for the LPG cylinder and auto-gas sectors. Aygaz, Mogaz and Lipetgaz are listed among the winner brands in LPG Distributors Cylinder category of the 2013 Customer Satisfaction Index of Turkey (TMME).

In the customer loyalty index survey held in 2013, **Arçelik** brand enjoyed 84% and Beko brand enjoyed 85% performance, scoring above sector and Turkey’s average. In the air conditioner category, Arçelik and Beko maintained their position and scored 90 points. In the ‘LCD/Plasma Television’ category, Arçelik and Beko enjoyed 83% and 80% customer loyalty, respectively.

**KoçSistem** gauges the customers’ general perception via online survey method used within the company. KoçSistem functions under the Quality Management System and is accessible from the corporate website to receive customer satisfaction comments or complaints. In the 2013 Customer Satisfaction Evaluation, KoçSistem scored 80 points, and maintained its performance score compared to last year.

In Customer Satisfaction in Index for Turkey conducted by Quality Association, **Opet** ranked first for the 8<sup>th</sup> consecutive year in Fuel Sector category. “Journey to Excellence” customer satisfaction improvement studies, launched to ensure the continuity of the bright success, define not only a way of doing business that determines customer relations but also a strategy to bring performance in the areas of economy, society and environment to perfection. Moreover, OPET Ambassadors of Perfection supervise the program and give feedback to the company regarding OPET’s social, environmental and economical performance.

**Tat** achieved to be customers’ most favorite brand in the canned food, sauce and tomato paste category of 2013 Customer Satisfaction Index of Turkey (TMME), conducted by Turkish Quality Association (KalDer) and the international research institution, KA Research. Tat is also included in the scope of TURQUALITY@support program that aims for the reinforcement of Turkish brands in the international arena.



The production process and product quality of SEK Süt Company that operates under the roof of Tat, have been audited by Provincial Directorates of Agriculture under the leadership of Ministry of Food, Agriculture and Livestock. SEK Süt officially registered that its production takes place under the hygiene conditions in compliance with UN norms and instructions and is being monitored in a transparent manner.

**TürkTraktör** conducts customer satisfaction surveys for the products of New Holland and CASE IH brands presented in Turkey. The survey, conducted between 2011 and 2013 and for which 45,000 customers were interviewed, is considered to be the largest survey of its sector. In order to increase customer satisfaction and maintain customer loyalty, Voice of Customer (VOC) Commission was established for the brands of New Holland and CASE IH in 2012. Final users are welcomed to Customer Quality Assessment (CQA) studies undertaken by the VOC team.

Through "Transaction Experience in a Branch" Research conducted by the quality team on customers, **Yapı Kredi** monitors the quality of service on a daily basis and shares it with the related bodies. In 2013, over 350,000 customers participated in the research via automatic interactive voice response. In addition to that, various researches are conducted to evaluate the quality of products and service, and the experience at the service channels. Within this scope, the customer satisfaction of about 20,000 customers is monitored annually.

Koç Holding is in active communication with NGOs and public institutions in an effort to develop solutions for social problems. Koç Holding's CSR Coordination Office hold meetings with NGOs operating in the fields of education, health, environment, culture and arts, share ideas and experiences at conferences and workshops as well as developing cooperation with them.

Koç Holding is in cooperation with national and international universities and NGOs for social, environmental and economical issues and related areas of development. In parallel with these, Koç Holding is an active member of Turkish Industry and Business Association, International Investors' Association, Turkish Confederation of Employer Associations, Metal Industrialists Union, Investor Relations Associations of Turkey, Foreign Trade Association of Turkey, Association for Corporate Communication, International Competition Research Institute, Private Sector Volunteers Foundation, Turkish Quality Association, Business World and Sustainable Development Foundation, Family Health and Planning Foundation, PERYÖN, İstanbul Foundation for Culture and Arts, Global Compact Turkey and many other NGOs and are present in their Board of Directors. In addition, Koç Holding is an active member of chambers of commerce and industry, and exporters unions of related business segments that Group Companies operate in, and Sector Councils of Union of Chambers and Commodity Exchanges of Turkey (TOBB).



# Human Rights at Koç

“

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

**Our Founder Vehbi Koç ”**

For Koç Group companies, some values are independent from time and space. Promoting human dignity is the most important among these universal values. Accordingly, Koç Group companies have, since their establishment, adopted the protection and promotion of human rights as an essential principle and they have supported business processes, as necessitated by the time, with cutting edge policies and leading practices, internalizing the spirit of our times. As a consequence of this understanding, Koç Group respects the human rights specified by national legislation and

international conventions and does not allow for human rights violation at workplaces. Disseminating the importance we attach to human rights as a Group throughout our value chain is another significant priority for us. We strive to spread practices aimed at promoting human rights by raising the awareness of all our stakeholders, particularly our employees, about human rights. In accordance with our sensitivity and the importance we attach to this matter, there are absolutely no child workers employed and there is no practice of forced labor in Koç Group. We expect our

suppliers to show the same sensitivity in relevant matters. Koç Group does not practice any discrimination based on language, ethnicity, gender, political view, philosophical view, religion, denomination or any such matter in business processes and relations and respects such diversities. As far as business processes are concerned, there are no unequal applications whether direct or indirect, related to biological factors in the execution of employment agreements or the constitution, implementation and termination of relevant conditions unless it is necessitated by reasons relating

## **Declaration on Equality at Work**

On January 15<sup>th</sup>, 2013, Our Chairman of the Board, Mr. Mustafa V. Koç, has signed on behalf of Koç Group, the “Declaration on Equality at Work”. The declaration was prepared by the Equality at Work Platform, formed under the leadership of the Turkish Ministry of Family and Social Policies and in collaboration with World Economic Forum, is the most comprehensive program focusing on reducing gender gap in Turkey. Accordingly, we have made a commitment to voluntarily adapt to the following principles aimed at eliminating gender-based discrimination and to take the lead in the dissemination of these principles throughout our country:

- 1- We respect human rights. We treat all employees equally.
- 2- We ensure the health, safety and wellbeing of female and male employees without any discrimination based on gender.
- 3- We specifically support female participation in labor force.
- 4- We define the criteria on equal opportunities for women and men under all our Human Resources policies.
- 5- We apply and uphold an Equal Pay for Equal Work policy.
- 6- We establish the mechanisms required to ensure equal access to career opportunities.
- 7- We create and monitor training policies, giving particular consideration to female participation in trainings.
- 8- We create working environments and practices to maintain work and family life balance.
- 9- We communicate internally and externally any news on our “equal opportunity” schemes and achievements.
- 10- We will promote this declaration across our eco-system (business partners, suppliers).
- 11- We will establish a leadership committee within our Company to monitor the items covered by the declaration.

# 209,687

person x hours

*OHS Training Provided to the Group Employees*

# 59,806

person x hours

*OHS Training Provided to the Contractors' Employees*

to the nature of the work such as business hazard, employee safety and legal obligations.

Matters related to human rights and labor standards are included among the primary objectives of Group companies in order to enhance the ownership of the companies on these issues. In line with these objectives, best practices are first extended to Group companies. Koç Holding offers consultancy services and trainings to Group companies and Group companies participate in study groups, trainings and seminars held by NGOs on these matters, which are included within the task scope of the Coordinator of Industrial Relations organized under the Human Resources Directorate.

We support the importance we attach to universal human rights and its practices with our principle of "acting in accordance with the principles specified in the United Nations Global Compact and being an example of corporate citizenship to our employees, dealers, suppliers and authorized service centers" included in the article 3.8.2 of the Koç Group Code of Conduct. As a requirement of this principle, written commitments are obtained from suppliers at the onset of our business relationship and compliance with this issue is closely monitored.

## Occupational Health and Safety at Koç

At Koç Group, we place great importance in our employees' health and safety and in constantly developing and improving the physical qualities of the work environment. The Occupational Health and Safety Coordination Board, of which all Group companies are members, aims at monitoring and continuously improving the occupational health and safety practices at workplaces.

Reviewing practices throughout the Group regularly to propose develop-

ment and dissemination proposals, ensuring the determination of high occupational safety standards through the appropriation of good practices by other Group companies, are among the basic functions of the Board. The Occupational Health and Safety Coordination Board holds regular meetings and evaluates amended regulations, examples of good practices, hazard reports and statistics in detail. Within this scope, in the year 2013, meetings, seminars and trainings in the field of Occupational Health and Safety have increasingly continued at Koç Group.

Group Companies	Number of Active OHS Committees	Number of Employee Representatives Working in OHS Committees	Total Number of Active OHS Committee Members
Arçelik	11	17	171
Aygaz	13	31	76
Ford Otosan	4	5	62
KoçSistem	3	17	34
Opet	6	17	90
Otokar	1	6	13
Otokoç	26	26	208
Tat	9	31	97
Tofaş	9	9	95
Tüpraş	10	18	78
TürkTraktör	2	6	30



Aygaz Gebze Facility

Among the 82\* facilities owned by Group companies covered in this report, 57 are certified with OHSAS 18001 "Occupational Health and Safety Management System." As of 2013, 69.5% of our facilities are certified.

The health and safety of the employees of Group companies are assured through various practices. Each Group Company forms a standalone Occupational Health and Safety Committee. By this means, company practices are periodically reviewed and employee representation is maintained in occupational health and safety processes. Regular occupational health and safety trainings are provided; workplace doctors, occupational health and safety professionals and, when required, additional medical personnel are employed at our workplaces; external services are procured when required.

Within the scope of these practices, trainings and risk assessment activities about related regulations are realized, appropriate measures are taken, technologies and usages are revised in accordance with the results across the Group. Group employees and contractor firm employees are provided with trainings in related processes.

In 2013, 55,584 Group employees and 31,745 contractor employees were respectively given 209,687 person x hours and 59,806 person x hours of Occupational Health and Safety training, amounting to 269,493 person x hours in total.

Occupational hazard statistics are kept at Group workplaces and data such as number of lost days, accident frequency and severity are collected twice a year, consolidated centrally and kept track of in comparison with data from the related periods of previous years. Statistical movements are compared with total working hour data and reasons for increases and decreases are evaluated.

Health data and health reports indicating the recruit is suitable for the work, also required by legal regulations, are requested by all Group companies during the recruitment of employees. In addition, the provisions of OHS regulations are perfectly implemented within the scope of the collective agreements signed between the Group companies and labor unions. There are special examinations and periodic health screening practices for different job definitions befitting the work done within the body of the Group. Also, routine health screenings, training practices about medical issues to inform employees and their families and community oriented health themed projects are realized throughout the Group.

### Labor Union Rights at Koç

The protection of peace at work is a primary focus for Koç Group. A continuous and constructive social dialog is understood to be the main constituent of industrial relations. Koç Group exhibits the level of importance it places in relations with labor unions through the regulations it gets involved in national and international platforms and voluntary initiatives. The Industrial Relations Coordination Board holds periodic meetings to develop a sustainable and constructive industrial relations culture within the Group.

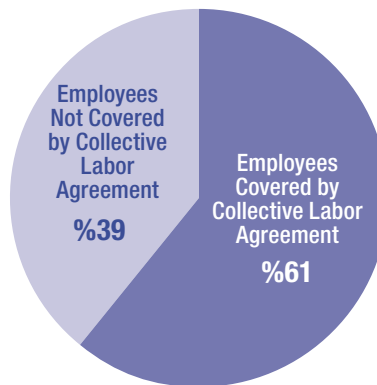
Koç Group respects freedom of unionization and collective bargaining of employees. During the reporting period, the rate of unionization reached 61%. Over 43,000 employees from 6 different sectors, working in over 30 workplaces within the body of the Group are unionized. In these workplaces, collective agreements are concluded following negotiations with authorized unions (Turkish Metal Workers Union, Petrol-İş Union, Tek-Gıda Workers' Union, Seafarers' Union of Turkey, Dok Gemi-İş Union, Banking and Insurance Workers' Union). Regulatory provisions relating to working life in matters such as occupational health and safety and human rights are included in collective agreements alongside normative provisions regarding salaries and similar benefits. Collective bargaining

\* Yapı Kredi's operational facilities are not included in the calculation scope.

is conducted on the basis of company objectives involving factors such as occupational safety, human rights and working life. Together with these practices, monitoring is also implemented for determining violation of labor union rights in supply processes.

Koç Group employees can be elected for the local and central managing bodies in employee and employer organizations and become members of their professional associations (such as chamber of medicine, bar association, chambers of engineers and architects). In 2013, 1,167 Koç Group employees took office in employee unions and 7 employees took office in employer unions. Some of our employees contribute to employment, national economy and social life by serving at Provincial Employment Committees, Chambers of Commerce and Industry and various NGOs. Koç Group contributes continually to the development and strengthening of relations with domestic and overseas unions and to the establishment of lasting social dialogue.

#### Employees Covered by Collective Agreements



# Work Environment at Koç

“

**Our most valuable asset is our human resources.**

**Our Founder Vehbi Koç ”**

As a group we believe that a successful future is attained with successful employees. Koç Group aims to become the most admirable and favored institution in Turkey, which creates high added value for sustainable growth by catching the spirit of time, where the most successful professionals in their fields are employed and all stakeholders are proud to be a part of the activities.

Human resources processes are managed throughout the Group with the support of systems proven to be efficient. This body of practices aims at

ensuring the constant improvement of employees and at increasing their motivation, productivity and satisfaction. As a result of these practices, we maintain sustainably our understanding of “pursuing our activities as a participatory organization where mutual respect and trust prevail and diversity is valued” in which we place great importance.

By the end of 2013, 257 senior executives were employed in the Turkey operations of our companies covered in the report. 16 of these executives were expats while 241 were Turkish citizens.

Within the context of the “Human Resources Process Improvement Project” started in the year 2013, the contents of consultancy services and trainings offered to Group companies, relating to the established areas of improvement, were revised. Working groups, constituted for the improvement of practices in these areas and the dissemination of best practices, have started their meetings and “Good Practices Day” was organized. The constitution of an integrated and shared data flow structure has been made of for the purpose of contributing to the improvement of Group companies. The improvement of the formed structure is planned to be continued in subsequent terms.

## Employee demographics of Group companies within the scope of the report for 2013:

### Employee Breakdown by Gender

<b>53,229</b>	<b>Male</b>
<b>17,279</b>	<b>Female</b>

### Employee Breakdown by Contract

<b>2,091</b>	<b>Fixed Term</b>
<b>68,417</b>	<b>Indefinite Term</b>

### Employee Breakdown by Age

<b>2,931</b>	<b>Older then 50</b>
<b>45,022</b>	<b>Between 30-50</b>
<b>22,555</b>	<b>Younger than 30</b>

### Employee Breakdown by Category

<b>40,848</b>	<b>Blue Collar</b>
<b>29,660</b>	<b>White Collar</b>

### Employee Breakdown by Employment Type

<b>508</b>	<b>Part-Time</b>
<b>70,000</b>	<b>Full-Time</b>

### Intern Student Breakdown for 2013

<b>3,243</b>	<b>College / University</b>
<b>2,470</b>	<b>High School</b>





70,508

*Total Number of Employees in  
Reporting Companies*



5,713

*Total Number of Intern  
Students*

In the workplaces of Group companies, certain general procedures relating to employees' social rights and working conditions, their duties and responsibilities, disciplinary rules and labor contracts are regulated through personnel regulations. These regulations are communicated to employees of Koç Group companies upon their recruitment and are a part of all employees' labor contracts. Personnel regulations are thereby specialized for the appropriate sector, company and workplace and put into practice. Regulations are updated when necessary in accordance with legal amendments, labor legislation and needs.

The Code of Ethics and Business Conduct, which involves human rights issues such as the prohibition of child workers, discrimination and forced labor and is adopted by all companies within Koç Group, defines the social and ethical rules to which employees of all levels are subject. Employees are expected to act in accordance with these rules. Every Group company employee is expected to read and sign the Code of Conduct upon their recruitment. Employees can also obtain a copy on intranet and internet pages. Labor Legislation Trainings are organized, where matters included in Koç Group Code of Ethics and Personnel Regulations are shared with the main personnel responsible for their dissemination throughout Group companies. The scope and content of these trainings realized by the Coordinate of Industrial Relations are intended to be broadened in the year 2014.

Code of Conduct Boards exist in all Group companies to audit breaches and to ensure compliance. Koç Group HR Directorate is responsible throughout the Group for the management of the Code of Conduct. If a case of violation of the Code of Conduct is encountered in the course of periodical audits, the case is reported to senior management and preventive measures are taken. The results are also conveyed to the Audit Group and Human Resources Directorate for the data to be collected in a centralized archive.

For detailed information regarding our Code of Conduct please visit <http://www.koc.com.tr/en-us/about/vision-and-values>.

Koç@Insan platform enables all our employees to access the systems aimed at the implementation of HR policies under a single roof. Through this platform human resources policies and practices are shared transparently.

#### Minimum Notice Periods

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

#### Recruitment

Drawing on Group objectives and principles, the primary criteria considered in the recruitment process for the incorporation of the most competent professionals in their fields, are the competences we determine as a Group as well as the level of knowledge and experience required by the relevant position. As stated by the Labor Act, there is no discrimination during the recruitment process; individuals suitable for the nature of business are hired through an evaluation of their competences and everyone is provided with equal opportunities throughout their working life. For detailed information regarding recruitment processes please visit <http://www.koc.com.tr/en-us/about/human-resources>.

#### KoçAkademi and Training in Group Companies

Koç Group supports the importance placed on the continuous improvement of employees through practices operating in integration with systematic human resources processes. As a result of this understanding, all companies within the Group make use of Koç Akademi, which is a platform of training, development and sharing, in addition to training and development practices specific to their fields of work.

On this platform where the development planning processes of Group employees are managed, areas of need are determined and development plans are formed by drawing primarily on resources such as various evaluations, objectives



Tüpraş İzmit Refinery

#### Total Training Hours by Category in 2013 (person x hours)

1,228,055	Blue Collar
776,671	White Collar

and employee and manager requests. Following these practices development activities are carried out. These activities can be short-term trainings as well as long-term programs. Within the whole process, interviews are carried out to monitor employee development throughout the year and to evaluate it at the end of the year. Subsequent to year-end evaluation interviews, planning interviews for the following year are realized.

#### Koç Group Compensation System

At Koç Group, in accordance with a fair and competitive policy and the objective to reward and sustain success with high performance standards, compensations are realized through the Compensation Management System. Within the compass of the system, elementarily, wage market, current wage structure and ability to pay, wage policy, individual performance and labor scale parameters are evaluated. In addition, competitive salary levels are sustained within company resources by means of annual salary benchmarking studies. Gender does not have any effect on compensation levels.

Labor scales determined as a result of job evaluations constitute the basis of the compensation management system. Within the process of job evaluation, an international system is used, which enables the relative ordering of all jobs in

all fields the Group operates in, according to their contribution to the achievement of corporate objectives and the level of responsibility. The job performed and the responsibilities assumed by the employee are crucial in the determination of compensation levels. Also, a premium system focused on long-termed results, aiming for the awarding of consistency and outstanding success is implemented. Outstanding Success and Distinctive Assignment Awards are given out to reward the annual performances of employees.

The salaries and other financial benefits of union member employees are specified in the collective agreements signed following collective bargaining conducted with relevant unions.

Generally across the Group, a bonus amount equal to four months' salary in total is payable on a monthly basis and a benefit package is implemented in addition to the gross salaries of the employees. Together with the bonus and the benefit package, standard entry-level monthly wage generally applied within the Group is approximately 48% higher than the monthly gross amount of legal minimum wage. In most Group workplaces where collective agreements are in place, the salary paid to new recruits is higher than the minimum wage as required by the collective agreements. Therefore, the salaries paid by Group companies are significantly higher than the legal minimum salary, considering the effect of bonuses and benefit packages and the minimum entry wages determined by collective agreements.

For detailed information regarding the supplementary benefits offered to Koç Group employees please visit <http://www.koc.com.tr/en-us/about/human-resources/rights-offered-to-koc-group-employees>

The fixed salaries of Koç Group top executives are determined in compliance with international standards and legal obligations, considering macroeconomic market data, current wages policies, the size and long-term objectives of the company and individual positions. Bonuses of our top executives are calculated in accordance with the basis premium, company performance and individual performance. The activities of Group companies in matters such as occupational health and safety, energy, water, emission, waste, material efficiency and environmentalist product development also constitute a part of performance evaluations and performance based compensation systems for top executives. Koç Holding is one of the few Turkish companies linking compensation of top executives with financial and operational performance.

Our employees' performances are evaluated within the Koç Group Performance Management System. The essential purposes of this practice are the dissemination of identified objectives through all management levels, the objective management of employee performance within the framework of common principles and the enhancement of performance levels.



341,215

*Number of Employee  
Suggestions Received in 2013*

240,152

*Number of Suggestions  
Implemented*

Performance Management System allows the determination of evaluation criteria for employee objectives set every year with their participation and their rate of success at the end of the period, the investigation of causes contributing positively or negatively to target achievement, the determination of the necessary course of action to compensate for negative deviations and providing feedback to employees. In this context, all white-collar personnel are subject to annual performance evaluation. Over 3,000 mid-level managers and top executives received performance evaluation in 2013.

### Employee Engagement Survey

This survey, carried out annually since 2011, serves to measure Group employees' engagement and satisfaction and to analyze factors affecting engagement. Within the scope of 2013 Survey, 46,290 questionnaires were filled out by our employees and the ratio of completing the questionnaires was 86%. Employee engagement objectives are determined and improvement activities are pursued in accordance with application results.

### Suggestion Systems

Employee suggestions are considered to be of primary importance for continuous development and improvement across Koç Group. Within this understanding, feedbacks provided by our employees are evaluated by Group companies through suggestion systems and put into practice. Employees who suggest successful proposals are rewarded according to specified procedures.

This practice enables our employees to contribute significantly to the effective realization of our operational objectives.

In **2013, 341,215** suggestions were provided by Group employees within the scope of this report, and **240,152** of them were put into practice. **275,215** of these suggestions were put forward by Tofaş employees.

### Leader Development Programs

Koç Group Leader Development Program, whose primary objective is to generate and maintain a common management and leadership culture at Koç Group, creates a learning and cooperation environment for managers of Group companies attending the program, through the sharing of knowledge and experience. 549 managers took part in the trainings in 2013. A total of 5,673 managers across the Group have attended the trainings, which have been organized since 2002.

### Leadership Potential Evaluation Process and LiderSensin (You Are the Leader) Talent Management Program

In our Group companies, potential employees for positions of all levels are selected through a competence based evaluation process. Successful employees who have high leadership competences are identified through the Evaluation Center practice and they join a special talent development program. In this way, Koç Group senior management positions are effectively backed

up, managers who might take charge at this level are predetermined and their development is promoted.

The Corporate Coaching Program is carried out as part of the LiderSensin Talent Development and Management Program. Within the scope of this program, future leader candidates are provided with corporate one-on-one coaching and group coaching services. In order to generalize the coaching approach, internal coaches are trained at Group companies. Our internal coaches coach employees from various companies one-on-one and contribute to their development.

### Most Successful Koç Employees

The Most Successful Koç Employees Rewarding System, in practice since 2003, was created with the aim of recognizing and appreciating the achievements of employees, and determining and sharing the best practices in the Group. In 2013, 10 projects won the first place and 93 employees who took part in these projects were rewarded as part of the program which evaluates white-collar and blue-collar projects under the five categories of "Making a Difference", "Cooperation", "Customer Satisfaction", "Creative Innovations" and "Adding Value to Life". A total of 51 companies and 693 projects have been nominated and 635 employees have been rewarded through the Most Successful Koç Employees system by the end of 2013.

In 2013 the total number of the participants in the organizations held by the Group Companies is as follows:

27,114

Voluntary Employees

17,705

Voluntary Participants

44,819

Total Number of Participants

#### Projects which were awarded the top prizes at the Most Successful Koç Employees System in 2013

	White Collar	Blue Collar
Making a Difference	<b>AYGAZ</b> Bringing Transformists Together With Customers in Digital Environment	<b>TÜPRAŞ</b> 26F-1 Extinguishment of Oven
Creative Innovations	<b>FORD OTOSAN</b> 'Realise' Real Time Calibration Improvement Platform	<b>OTOKAR</b> Glass Scratch Removal
Customer Satisfaction	<b>TOFAŞ FIAT</b> Trusted Advisor Mobile Application	<b>ARÇELİK</b> Plastic Stacking Kit
Cooperation	<b>AYGAZ</b> Aygaz Aytemiz Supply and Storage Cooperation	<b>TOFAŞ</b> Mounting Line Standard Time Improvements and WO Studies
Adding Value to Life	<b>KOÇ ÜNİVERSİTESİ</b> One Child One Thousand Hopes	<b>FORD OTOSAN</b> Ford Otosan Handicap Free Theater Club

#### Koç Ailem (My Family) Program

KoçAilem (My Family) program, provides Koç Group employees with the opportunity to benefit from goods and services offered by Group companies and others, as well as extra advantages through periodical campaigns. Moreover, the program aims at increasing employee satisfaction and engagement within the Group and developing a common Group identity through the social activities and social responsibility projects put into practice. KoçAilem Program has about 93,000 members.

#### Koç Holding Retirement Pension Foundation

Koç Holding Retirement Pension Foundation was established on November 1<sup>st</sup>, 1967 in order to provide Koç Group employees with a supplementary social security and support in addition to the governmental social security system. The foundation offers its members full payment of balance, retirement pay, health insurance and financial assistance services and supports them for a comfortable and peaceful period of retirement. As of the end of 2013, Koç Holding Retirement

Pension Foundation has 53,277 active and 308 retired members.

**Yapı Kredi** supports secondary financial guarantees for its employees at their retirement and has been contributing to Group Individual Retirement Plan to create an alternative opportunity for its employees, since 2006.

#### Professional and Personal Life Balance at Koç

At Koç Group we care for our employees' professional and personal life balance and carry out practices which will support this balance positively. 45-hour work system is in effect at Koç Group workplaces within legal limits, and employees are given the opportunity to have annual paid leaves for longer durations than foreseen by the law. Human resources departments of Group companies comply with modern human resources policies and act with an approach that protects employees' professional and business life balance.

#### Employee Volunteerism

Koç Group companies support social responsibility practices at the Group level, such as "Vocational Education: A Crucial Matter for the Nation", "No Barriers for My Country" and "Koç Sports Festival" through the voluntary participation of their employees. And on a corporate level, they pursue CSR projects and contribute to social development and environmental protection through various activities they realize in the fields of education, culture, art and sports, on the basis of employee volunteerism.





### Koç Group Emergency Search and Rescue Team

Turkey is situated on one of the most active earthquake zones in the world. The past earthquakes have caused substantial losses of life and property. It is an unavoidable fact that such natural disasters will also be experienced in the future. Hence, necessary precautions must be taken without any delay. A substantial step in these precautions is the constitution of life saving coalitions. The Search and Rescue Team established under the umbrella of Koç Group subsequent to Gölçük Earthquake in 1999, has been continuously working since Van Earthquake in 2011. As of the end of 2013, it is comprised of a 495 people team ready to act upon potential natural disasters.

Team leaders, who came together in the year 2011, formed the Koç Group Emergency Procedure at the end of two years of work; determined the standards for the teams' equipment, vehicles and apparel and supplied missing items. Taking into account that the search and rescue teams, composed of volunteers from 8 companies affiliated with the Group, will be representing Koç Group in disaster areas; studies for the standardization of record keeping, patterns of behavior and trainings were started.

At the "Koç Group Emergency Search and Rescue Teams Coordination Meeting", realized during the reporting period, the activities of teams in the year 2013 were revised, objectives for 2014 were set and it was decided that all teams should come together to form the Koç Group Search and Rescue Team. Together with the meeting, the opening of the training area, built by Koç Holding Search and Rescue volunteers for the trainings of Group Search and Rescue volunteers, was realized.

**Arçelik** employees continued to work for their "White Fish Playroom Project," which aims at building special playrooms in hospitals to improve the morale and motivation of children being treated for cancer. In 2013, hospitals were visited and several toys and books were donated for two playrooms and a library.

Search and rescue team members in the Bolu, Çerkezköy and Eskişehir campuses of **Arçelik** have attended education and exercise studies for emergency situations provided by the Civil Defense Units in their province, Fire Department officials and NGOs

working during disasters, and they have shared their knowledge and experience on this subject. Also, a fully equipped search and rescue vehicle was acquired in order for Arçelik Search & Rescue Teams to mobilize within the shortest time in the case of a possible disaster.

Within the scope of World Environment Day, **Aygaz** collaborated with Turkish Marine Environment Protection Association (Turmepa) to support the Coast Clean-up Initiative with its employees. The activity started with teamwork and training in Burgazada, Istanbul and went on with coast cleaning.

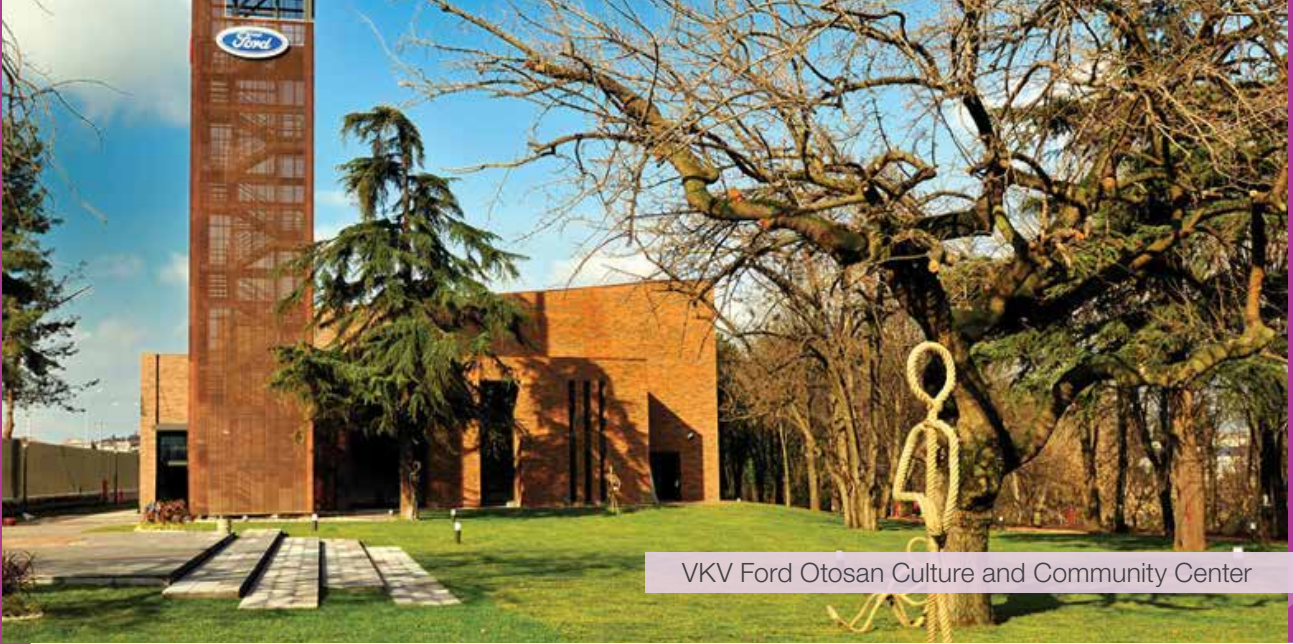
Aygaz employees who continue to get together at out-of-office activities with "My Social Activity Club", which pursues its activities on a voluntary basis, have attended activities such as theater plays, concerts and gastronomy classes in 2013.

The Aygaz–Opet Turkish Music Choir, initiated in 2004 with the participation of **Aygaz** and **Opet** employees, with the aim of bringing together employees keen on Classical Turkish Music and creating opportunities for them to engage in their hobbies, has expanded in time with the participation of employees from other Koç Energy Group and Koç Holding companies, employee relatives and dealers. Aygaz–Opet Turkish Music Choir which undertakes the mission of presenting the audiences with Turkish Classical Music remaining faithful to its original, also contributes to the development of cooperation and team spirit amongst employees.

### Koç Information Technologies

**Group** have continued their contribution to the projects organized by the Green Information Platform. In 2013, the "Marine Clean-up" project suggested by a **KoçSistem** employee for the "You Suggest for the Environment" project was actualized by the diver team of volunteering employees. A carbon meter application was developed on Facebook for the platform with the voluntary supports of employees. Thanks to employees' participation, diverse activities took place in social clubs such as scuba-diving and chess clubs during the year.





VKV Ford Otosan Culture and Community Center

**Opet** has added the Traffic Detectives Project to other Turkey-wide projects such as the Clean Toilet Campaign, Green Road Project, Exemplary Village Project and Respect for History Project, which are sustained with the voluntary participation of employees. Opet employees have continued their voluntary participation in the activities of Social Activity Clubs during the year.

**Tofaş** employees who joined the Eurasia Marathon in 2013 with “Adım Adım” team to provide the Spinal Cord Paralytics Association of Turkey with battery-operated wheelchairs, have also continued their participation in corporate culture clubs. Hearing impaired employees have participated in several organizations, while volunteering employees participated in sign language trainings and contributed to the strengthening of in-house communication.

**TürkTraktör** employees, who participated voluntarily in the kaizen system that aims to reduce and nullify losses through continuous improvements, pursue continuous improvement works as part of the Quality Circle practice. Through the newly constituted Volunteer Instructors practice, employees provide voluntary trainings in various fields such as the environment, occupational safety, orientation and World Class Manufacturing for their co-workers and contribute to their professional development.

**Yapı Kredi** Volunteers Platform, which continued its activities within the framework of 11 main projects in the year 2013, has realized volunteering practices such as the foundation of lib-

raries in schools, technological material support, aid campaigns for children, reading activities for the visually impaired, donation practices and senior home visits with the voluntary participation of 2,602 employees.

### Koç Employees and Sports

Koç Group companies encourage their employees to engage in sports by forming social clubs, organizing sports activities and providing sporting opportunities, with the objective of contributing to the physical and spiritual development of personnel, developing the sports culture of employees and supporting their professional-personal life balance. Apart from opportunities and activities provided at the level of companies, Koç Sports Festival, which has been organized annually in May and June since 1989, contributes to the popularization of Group culture and aims at bringing together families and employees from all companies in a common event.

Within the scope of the 24<sup>th</sup> festival organized in 2013, over 3,600 Group employees from 11 different branches came together in Istanbul, Ankara, Izmir, Bursa and Adana. At the end of the five weeks long competitions, the top three teams received cups and awards, as well as the teams and sportsmen who were granted the Fair Play Award, in their respective branches. Koç Group Sports Club Association, which was established in 2012 in order to extend the sporting opportunities offered to Group employees, continued its activities in 2013. The association realized various sports events devoted to employees and their families,

organized leagues and continued its sports trainings practices during the year.

In **Arçelik** campuses, there is a fitness center, tennis court, basketball court and soccer field available for all employees. Employees benefit from outdoor and indoor sports facilities, and they participate in activities such as skiing and bowling tournaments off campus.

In **Aygaz** Headquarters, there is a fully equipped fitness center where employees can train with an instructor. There are facilities where employees can play soccer, volleyball, table tennis and so forth in other locations. Every year, sports tournaments are organized in line with employee interests.

**Ford Otosan** employees have access to the sports facilities at Vehbi Koç Foundation Cultural and Social Life Center and at the plant guesthouse, and they participate in various sports activities.

### In Koç Information Technologies

**Group** Çamlıca Business Center, there is a sports hall available for employees and at Bilkom company there is a gymnasium room. Group employees participate in social clubs for sailing, diving and similar sports, and they receive trainings.

Within the body of **Opet**, there are basketball, swimming, tennis, sailing, volleyball, soccer, bowling, outdoor and extreme sports teams actively participated by employees. In 2013, Opet Basketball Team became champion in the Business League and Swimming Team players won 8 gold, 3 silver and 3 bronze medals at various organizations.



Aygaz Gebze Facility

**Otokar** offers all its employees sports facilities such as basketball courts, soccer fields, gyms and tennis courts. Volleyball, soccer, basketball, bowling and athletics competitions are organized within the company and employees training at the tennis, diving, skiing and sailing clubs are encouraged in their sportive activities.

At the Taşdelen Campus of **Tat Gıda**, there is a fitness center that is open to all the employees. “Dragon Boat Rowing Team,” made up of Tat Gıda employees, competes in international tournaments.

The Sports Activities Club, formed by **Tofaş** employees on a voluntary basis, organizes nearly 50 events yearly, and teams in 9 sports branches carry on their activities. Tournaments are organized in branches such as tennis, backgammon, mini golf, table tennis, bowling, table soccer, go-cart, dart, chess, athletics, volleyball, basketball and soccer. Every year, more than one thousand employees participate in interdepartmental soccer and bowling tournaments.

Employees have access to the fitness center, basketball and volleyball courts that belong to **Tofaş Sports Club**, and there are also two tennis courts and a basketball court in the social facilities. Tofaş Sports Club opens swimming, basketball and soccer summer schools for employees’ children, hence, providing sporting opportunities for children as well. The club arranges motorcycling, tennis, chess and diving trainings and organizes skiing and diving trips for employees.

While all Tüpraş refineries have fitness centers and swimming pools, some refineries also have indoor sports facilities, basketball and tennis courts, soccer fields, runways and squash facilities. Social Activities Clubs continue their activities during the year and organizations such as Bowling and Streetball Tournaments among refineries are realized.

In the year 2013, 2,271 employees, 86% of the workforce, have participated in the traditional **TürkTraktör Sports Festival** conducted in 16 branches for the last 11 years. Competitions in the fields of basketball, soccer, volleyball, table tennis, chess, dart, table soccer, checker, badminton and billiard are realized as part of the festival organized by committee members determined on a voluntary basis. Besides the festival, employees are provided with sporting opportunities such as an indoor sports facility, outdoor soccer field and recreational areas with pool and table soccer tables.

**Yapı Kredi** provides its employees with sporting opportunities at sports facilities in Yapı Kredi Plaza and at the Banking Base in Çayyova, as well as through Yapı Kredi Sports Club. The club, active in 12 sports branches, continued its organizations outside Istanbul, which had started in 2012, in Izmir, Adana, Ankara and Samsun in the year 2013. The “internal sponsorship” project, started in 2005 to promote the sportive success of employees and to encourage them, continued in 2013. In this regard, 7 employees received support in 6 sports branches and they won 21 gold, 11 silver and 7 bronze medals at various organizations during the year.

# Environmentally-Friendly Practices at Koç

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

Our Founder Vehbi Koç ”

Today the business world is expected to take responsibility to meet the needs and expectations of society through developing integrated solutions to social, economic and environmental problems. Featuring the most well-established industrial and service sector companies in Turkey, Koç Holding embraces the spirit of our times by undertaking policies and actions to eliminate sustainability risks, especially the environmental impact stemming from companies' operations in supply, production, and the processes of product and service. Koç Holding and Group companies aim to turn risks into opportunities by solving environmental problems with creative and innovative solutions through the practices they pursue with a perspective that brings the priorities of sustainability to the forefront. In line with this approach, Koç Holding and Group companies have brought environmental sensitivity to the foreground since they were established and have taken part in joint initiatives with public agencies, professional organizations, NGOs and all other related parties, both local and international, for the sake of promoting the environmental sensitivity in the business world and society at large.

## Environmental Management

Strategies and policies established at Koç Holding level account for the conduct of environmental management at Group level. In addition to the environmental regulations of the countries Koç Group companies operate in, the necessary operating conditions of Group companies regarding the

issues of environmental management are determined by the policies designed to be compatible with the international environmental management principles, standards and initiatives, starting with the United Nations Global Compact. All the companies affiliated with Koç Holding implement environmental management in a similar approach. The main principles pursued for that purpose are stated on the Koç Group Environmental Vision and Mission, Koç Group Environmental Policy and Koç Group Climate Change Strategy documents. Group companies also take the expectations and needs of their own sectors into account in order to develop environmental policies and strategies. For more detailed information regarding Koç Holding's environmental management approach, please visit the corporate social responsibility page on [www.koc.com.tr](http://www.koc.com.tr)

The environmental management activities undertaken by Koç Holding and Group companies cover three main areas. All Group companies,

- Aim to keep environmental impacts created by their activities such as energy consumption, water usage, emission and production of waste under control; increase recycling; protect biodiversity; and work on improvements to realize these goals in accordance with “the best existing practices”.
- Monitor environmental impacts created by manufactured goods and services for their whole life-cycle, from their design and planning stage until the end of their economic life;

work on reducing these impacts by developing environmentally-friendly products.

- Carry out educational activities to increase knowledge and awareness on environmental protection among large segments of society, particularly employees, customers, dealers, suppliers, contractors and other operational stakeholders.

The organization of environmental management starts with Koç Holding and extends to the operational centers of the Group companies. Various bodies have been established at Group level in an effort to ensure the guidance and administration of this large organization according to a participatory approach. The highest decision making body of environmental management is Koç Group Environmental Council, composed of senior managers responsible for the issues of environment, energy and sustainability at Group companies. The main duties of the Council are to determine long-term strategies regarding environmental management, to formulate action plans for their execution, to share examples of best practices and implementations, to carry out activities with the aim to comply fully with the amended environmental regulations, to organize educational activities to inform environmental experts about global developments, and develop environmental management systems at Group level.

Koç Holding believes in the importance of developing creative and innovative solutions besides implementing best





65

*Number of Facilities with ISO 14001 Certification*

226

TL Million

*Expenditure and Investment Amount Ensuring Reduction in Environmental Impact*

practices in order to improve environmental performance. Therefore, Koç Holding's R&D activities are coordinated by Koç Group Technology and Innovation Council. Established upon participation of senior managers responsible for the issues regarding technology, innovation, R&D at Group companies, the main duty of the Council is to determine Group companies' long-term strategies, goals and action plans in these areas.

Energy Efficiency Working Group is founded with the participation of energy managers from Group companies. It is a management body aiming to create synergy around a culture of energy efficiency throughout the whole Group by drawing up plans for improvement by its expert sub-committees, sharing and mainstreaming best practices and developing joint projects.

The companies that compose Koç Group vary in size and operate in very different sectors. Therefore, environmental goals and performance evaluation processes are mainly based on Group companies' activities. Strategic plans established at Group level are transformed into performance goals on company basis and are extended to the whole organization starting from the company's senior management. Company environmental units undertake the task of implementing the defined goals on company basis. Moreover, there are energy management units organized within Group companies with critical energy consumption levels or over a certain operational size. The duties of

the units responsible for environmental management are to ensure prompt compliance with changing management systems and legal regulations with an eye on minimizing the environmental impact stemming from company operations.

Group companies use quantitative performance indicators to monitor goals determined on company basis and evaluate their environmental management performances. Apart from this, there are key performance indicators determined by the Environmental Council and followed to evaluate Group level performance. The Environmental Council prepares annual assessment reports and the Audit Group carries out periodic audits on policy and performance basis with the support of the Environmental Council. The reports and audit results are submitted to the company's senior management by the Koç Holding CEO. Group companies' environmental policies and performances also go through periodic internal and independent auditing processes. Development areas identified as a result of Group and company level audits are enhanced on the basis of best practices. Most of the Group companies in the reporting scope make the data regarding their environmental performances public through corporate responsibility and sustainability reports.

Widely recognized system standards are used to establish Group companies' environmental management structures. Periodical external audits ensure the reliability of the system. ISO 14001

System Standard is the methodology widely used by Group companies. Out of the 82\* facilities owned by the Group companies, 65 operate with ISO 14001 certification and the scope of certification in 2013 was 79%. In the reporting period, **Arçelik, Aygaz, Ford Otosan, Tat, Tofaş, Tüpraş, TürkTraktör** completed the documentation requirements for ISO 50001 Energy Management System Standard. Aygaz and TürkTraktör became the first companies to acquire this certification in their sectors.

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

Koç Group companies work to establish an environmental risk management approach covering all phases of the value chain from supply to production, logistics to product and service consumption. Thus, environmental policies followed by the suppliers are as important as those followed by Group companies. Therefore, Group companies expect their suppliers and business partners that make an important part of their activities to adopt the same environmental management approach as Koç Group. Environmen-

\* Yapı Kredi's operational facilities are not included in the calculation scope.



Tat Production Line

tal management standards are included in supplier audits and suppliers are offered opportunities for improvement. In the reporting period, 13% of the active suppliers of Group companies are audited with respect to environmental standards, and an environmental training of 22,175 person x hours was provided for the staff of suppliers.

Activities to increase the awareness of employees, business partners and various segments of society about environmental protection account for a big part of the environmentally-friendly practices carried out by Koç Group companies. In the context of these studies, trainings are prioritized along with environmental projects developed in diverse areas. The activities conducted to raise environmental awareness in the wider public target at large segments of society starting with the local community.

### Environmental Trainings in 2013

	Trainings for Group Employees	Trainings for Contractors' Employees	Trainings for Society in General
Participants	12,439	17,064	18,962
Hours of Training (person x hours)	48,298	30,425	42,016

Koç Group companies allocate significant amounts of financial resources for environmental management annually in an effort to improve environmental performance. In this context, in 2013 Koç Group companies spent TL 226 million in total TL 65.6 million of which was spent to environmental management, operation and training costs while the environmental investment activities to improve environmental performance account for the remaining TL 160.4 million. Big part of the TL 677 million R&D expenditure made by Group companies throughout the year was used on studies to eliminate the environmental impact of products.

### Climate Change and Emission Management

The phenomenon of climate change, widely recognized as the most important environmental problem today, is managed through an approach based on risk and opportunity assessment like in other elements of environmental management. This approach stems from Koç Holding and extends to Group companies. Koç Group Climate Change Strategy is established as a consequence of the SWOT analysis realized by Koç Group companies and forms the basis for climate change management. In light of this strategy, Group companies establish action

plans according to the necessities of the sectors they operate in.

Due to diversification of its results an effective solution to the climate change depends on the cooperation of all related actors. Koç Group acts on this awareness by assuming a leading role in collective action platforms and conducting internal studies, in an attempt to draw society's attention to the issue and contribute to common solutions in cooperation with related parties. Levent Çakıroğlu, Koç Holding Durable Goods Group President and **Arçelik** CEO, is one of the founders of the Turkish Climate Platform, of which Koç Group company **Aygaz** is also a member. Çakıroğlu has been the President of the platform since 2011, representing the Turkish business world as well as Koç Group and Arçelik at international platforms such as World Climate Summit that took place in Durban in 2011 and in Doha in 2012. In 2013, Fatih Özkadı, Environmental Council President, represented Koç Group in World Climate Summit held in Warsaw.

**Aygaz** and **Tüpraş** signed the Energy Efficiency in Buildings Manifesto prepared by Turkish Business Council for Sustainable Development Association in an attempt to reduce the impact of climate change by enhancing energy efficiency in company buildings. In this context, Aygaz provided its employees with informative trainings, prepared the energy inventory of its company buildings at 4 locations and obtained building ID cards this year.



# 208.2

Thousand Tons  
CO<sub>2</sub>e

*Greenhouse Gas  
Reduction*

**Tüpraş**, on the hand, started energy survey studies in a pilot building chosen this year. The areas open for energy performance improvement were determined and efficiency was achieved. The aim is to pursue energy ID documentation in all Tüpraş buildings in the upcoming years. On the other hand, Tüpraş is a member of the EUROGIA 2020 initiative, established with the aim to develop low-carbon technologies through innovative solutions, and participates in the studies carried out by World Energy Council Turkish National Committee and Energy Efficiency Association.

Koç Holding not only views climate change as a threat to natural life but also as a grave risk capable of severely impacting our social and economic life. Having said that, new production and organizational needs arising from the phenomenon of climate change and necessary financial tools to support these needs also create significant opportunities for the companies. The companies that commit to be a part of the solution through their ways of doing business and their next-generation products and services continue their existence and development in the future. For that reason, Koç Group regards combating climate change as an important area for its investments and activities.

Group companies conduct studies for measuring and reducing emissions in line with the Climate Change Strategic Plan. All the companies covered by the report carried out studies for calculating emission on the basis of

IPCC Guidelines and continued to follow the ISO 14064-1 certification practice launched in 2011. **Arçelik, Ford Otosan, Tofaş, TürkTraktör** and **Opet** received validation for their 2012 GHG calculations in 2013.

As a result of the improvement activities carried out in 2013, the GHG emissions of the Group companies were reduced by 208.2 thousand tons of CO<sub>2</sub>e. Thus, the total sum of GHG emission reduction achieved since 2009 reached 2 million tons of CO<sub>2</sub>e.

As a result of the energy efficiency projects carried out in 2013, **Arçelik** reduced its GHG emission by 8.620 tons of CO<sub>2</sub>e in total, corresponding to 2,305 tons of CO<sub>2</sub>e direct GHG emission and 6,315 tons of CO<sub>2</sub>e indirect GHG emission. In the same period, **Tat** reduced its GHG emission by 1,338 tons of CO<sub>2</sub>e due to process improvement, automation, insulation and utilization of efficiency-increasing equipment at its **SEK Süt**, Karacabey and Mustafakemalpaşa Plants.

**Tüpraş** achieved over 180 thousand tons of CO<sub>2</sub>e reduction in GHG emission thanks to the 40 efficiency projects implemented at 4 different refineries in 2013. In this context, an annual reduction of 12,446 tons of CO<sub>2</sub>e in GHG emission was achieved as a result of the improvements made to reduce the steam consumption of various units at Izmit Refinery; an annual reduction of 23,469 tons of CO<sub>2</sub>e in GHG emission was achieved thanks to the new gas turbine project at Izmir Refinery. In addition, the ther-

mal integration project implemented in the crude oil unit of Kırıkkale Refinery helped to reduce GHG emission by 11,145 tons of CO<sub>2</sub>e.



TürkTaktör Factory

### Protecting the Quality of the Air

Koç Group companies operate in accordance with the parameters and quality values specified in emission permits issued by the Ministry of Environment and Urban Planning. The emission values are measured in line with continuous or periodic sampling, using methods specified on the basis of various parameters such as SO<sub>x</sub>, NO<sub>x</sub>, VOC and PM. Accredited institutions pursuant to legal regulations carry out periodic independent audits. Furthermore, these values are periodically monitored by the Ministry of Environment and Urban Planning and the Provincial Environment and Urban Planning Directorates. The measurement values calculated in 2013 are lower than the emission limits specified for the concerned companies and parameters.

Group companies conduct improvement studies regarding related parameters in order to further improve air quality in the facility areas. For instance, Ford Otosan reduces its organic and particulate matter emissions by conducting studies to improve the efficiency of its combustion systems and using closed-circuit water pools in paint booths. At Arçelik's facilities, the amount of flue gas is reduced with the help of process modernization studies and studies aimed at increasing combustion efficiency in addition to gas treatment and dust holding systems.

Tüpraş reduces its flue gas emissions significantly by preferring low-emission fuel types, implementing practices to enhance combustion efficiency, preferring low NO<sub>x</sub> burners, using leak prevention systems and carrying out the flare gas recovery practice. Actively participating in the Industrial VOC Control Project conducted by the Ministry of Environment and Urban Planning, Tüpraş aims to reduce its VOC emissions even further thanks to the floating roof practices in fuel tanks and the waste water balancing practice started in 2013.

### Efficiency at Koç

In line with the Koç Group Environmental Policy and Vision, the Group companies conduct efficiency studies focused on energy efficiency, resource consumption, waste management, recovery and recycling with an attempt to improve their environmental performance.

In 2013 Koç Group companies reduced their energy needs by 3.06 million GJ with the efficiency projects they realized.

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

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

2009	2.30
2010	3.35
2011	3.37
2012	5.44
2013	3.06

# 3.06

Million GJ

Total Energy Saved

# 30.2%

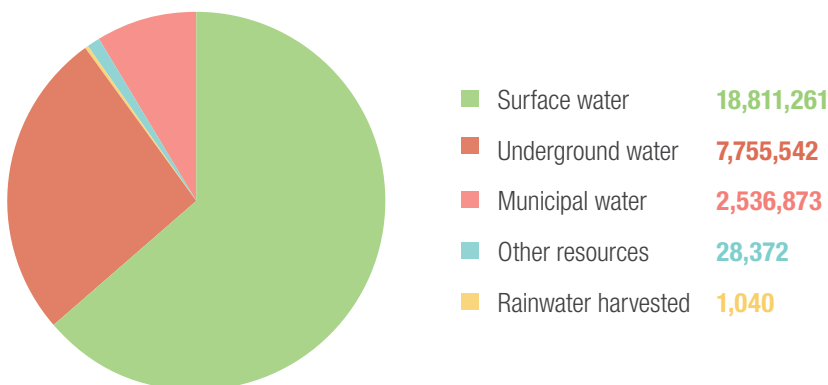
Percentage of Recycled Water  
in Total Water Usage

goal of all the Group companies. Group companies aim to reduce clean water withdrawal by increasing efficiency in production, recovery and recycling, and to improve water management performance through practices such as diversifying the resources and achieving higher quality in waste water discharge while decreasing the total amount.

In 2013 Group companies' total fresh water resource consumption went down by 1% to 29.1 million m<sup>3</sup>. In the same period, thanks to recycling and reuse of the clean water withdrawn, 12.6 million m<sup>3</sup> of water was used for production once again; hence 30.2% of the need for water was met with recycled water.

Koç Group Environmental Policy stipulates that all Group companies should reduce the waste produced as a result of their operations and recycle at a rate as high as possible. Accordingly, 39.9% of the 751.4 thousand tons of waste in total, comprising 315 thousand tons of hazardous and 436.4 thousand tons of non-hazardous waste, were recycled by Group companies in 2013. The waste that is not possible to recycle is disposed according to the methods in line with environmental regulations, management standards and the type of waste.

## Total Water Withdrawal by Source (m<sup>3</sup>)



## Waste Water Disposal

Group companies reduce their fresh water consumption by recycling waste water produced as a consequence of their activities. The waste water which cannot be recovered undergoes chemical and biological treatment processes depending on its pollution values. Once waste water is treated with proper modern technologies at specific units according to its pollution values and has attained the quality norms specified in the discharge permits issued by public organizations, it is discharged either to the receiving environments specified in the same environmental permits or into the municipal waste water systems. The quality parameters of waste water are continuously monitored and improvement studies are conducted. A higher quality of waste water is attained beyond the norms specified in the permits in an effort to avoid any negative impacts on the living species in the natural receiving environment or on biodiversity properties. In 2013, 18.6 million m<sup>3</sup> of waste water arising from Group companies' operations was processed in waste water treatment units and discharged after ensuring its compliance with suitable standards.

## Efficiency Practices of Group Companies

In 2013 **Arçelik** initiated 105 energy efficiency projects and saved 84,351 GJ of energy that corresponds to more than 12 million kWh of electricity and more than 1 million Sm<sup>3</sup> of natural gas. During this period, 119,867 m<sup>3</sup> of water was saved in total thanks to the practices Arçelik followed. Among these were the utilization of dry coolers in the cogeneration unit of the Washing Machine Plant, improvements made in paintshop processes and recovery practices, the use of advanced treatment technologies such as ultrafiltration and reverse osmosis in order to obtain pure water from waste water and rainwater. Thanks to similar practices, 26,832 m<sup>3</sup> of water was saved at the Refrigerator and Compressor Plants; 10,669 m<sup>3</sup> of water was saved at the Cooking Appliances Plant; 942 m<sup>3</sup> of water was saved at the Dishwasher Plant; 900 m<sup>3</sup> of water was saved at the Electronics Plant. As a result of the projects implemented at the

# 7,118

Tons

*Total Amount of Waste Recycled  
Within Koç Group Recycling Project*

Washing Machine Plant during the year, the amount of paint mud was reduced by 34%, the amount of powder coating wastes by 23.3% and the amount of scrap metal plates by 13% compared to the year before. With the transition to oil change and pulverization system in the Dishwasher Plant, degreasing bathrooms were removed and the need for water conditioning and electrical and chemical consumption was avoided.

**Aygaz** aimed to reduce and dispose of the solid waste created as a result of its activities in a more efficient manner through 23 projects implemented in the reporting period. In this context, the improvement of the paint guns at the Isparta Filling Facility led to a reduction of waste paint mud by 45% compared to the year before, and 4.6 tons of paint were saved annually. The wastewater recovery project realized at the Yarımcı Filling Facility helped to anticipate annual water savings of 7,500 m<sup>3</sup>.

In the reporting period, **Ford Otosan** saved 955,839 kWh on electricity by increasing efficiency of electric motors of pumps, improving the lighting systems and using sensors for lighting control.

**Otokar** realized water savings of 1,040 m<sup>3</sup> in 2013 by obtaining water through the rainwater recovery project implemented in the trailer production building and utilizing it in the sealing tests.

**Tat** saved 15,886 GJ on energy as a result of inverter and insulation practices, use of more efficient equipment and studies such as improvement of air conditioning and cooling water systems.

In 2013, **Tofaş** executed 121 energy efficiency projects, achieving 72,614 GJ in energy savings. In the reporting period, Tofaş made a transition to solvent-free cleaning products in paint processes to reduce its volatile organic carbon emissions. "One-Bell" paint technology began to be used in all colours with specifically formulated paint at water-based paint stations.

In 2013, **Tüpraş** initiated 40 energy efficiency projects at 4 refineries, achieving energy savings of over 2.8 million GJ.

**Yapı Kredi** implemented the Cascade system at the Banking Base in 2012 seeking to improve efficiency in campus lighting and ventilation systems. In 2013, 6,911 GJ of energy was saved as a result of the transition to LED technology in lighting fittings at Yapı Kredi Plaza and other similar practices.

### Koç Group Recycling Project

Launched in 2010, the Koç Group Recycling Project aims to create an awareness of recycling among the employees, ensure the establishment of a common standard for the recycling of paper, glass, metal and plastic wastes and increase the total sum of the waste collected. The project went on during the reporting period as well. As part of this project, the Group companies collected 4,052 tons of paper, 806 tons of plastic, 1,966 tons of metal and 294 tons of glass waste for recycling in 2013.

### BIODIVERSITY AND ENVIRONMENTAL DEVELOPMENT PROJECTS

Koç Group companies monitor their environmental impact in a multi-dimensional fashion through risk assessment and precaution activities conducted in the context of environmental management systems, and formulate protection and improvement plans. The aim of these activities is to avoid having any negative impact on the natural sites, forests or wetland areas located on or near Group companies' operational sites as well as to prevent any negative impact on the living organisms inhabiting these sites. The negative impacts of supplied chemical materials on the environment and biodiversity are also managed in compliance with REACH Regulation. None of the operational areas of Group Companies are located on protected natural, historical sites, special environmental preserves or RAMSAR sites as specified by the law or international agreements. There are no areas or water resources that have suffered a significant impact in terms of biodiversity value or population of species as a result of Group companies' operations.

A 104.5 km<sup>2</sup> plot within **Arçelik** Cooking Appliances Plant site is taken under protection as a green area. The wetland on the 5.4-acre plot inside **Ford Otosan** Gölcük Plant site, which is located on a bird migration route, has a biodiversity value and is therefore under protection by the company. An 8.6-acre plot created on a nearby site as a result of a settling





Opet Green Road Project

that occurred after an earthquake and rehabilitated through reforestation in cooperation with the TEMA Foundation is also protected by the company.

Reforestation projects are among Koç Group companies' traditional practices to improve the environment and are maintained within the framework of the sustainability performance evaluation system and the environmental management policy. While the Group companies carry out annual reforestation projects attended also by their employees, the sensitivity of the companies is kept alive through the periodically organized reforestation campaigns held at Group level. TEMA Foundation cooperates as a project partner in reforestation projects conducted at both Group and company levels. Thousands of saplings are annually planted thanks to projects realized in an effort to start new forests or rehabilitate damaged forestlands. As reforestation practices have to comply with physical possibilities and legal permissions, the number of trees planted changes from year to year. Nevertheless, Group companies are expected to maintain their sensitivity and take advantage of reforestation project opportunities. In this context, the Group companies planted 55,944 saplings in 2013. The pace of projects has accelerated with "For My Country Forests" Project realized in 2008, as a result of which the total number of trees planted in nature has reached approximately 1.5 million in the last 6 years.

The Mountain Nut production started by planting 100 Bolu Mountain Nut trees on a protected land of 4.1 km<sup>2</sup> located at the **Arçelik** Cooking Appliances Plant site in 2012, in an effort to increase the production of Bolu Mountain Nuts facing extinction because of germination difficulties, continued in the reporting period. Additionally, 8 bulbous plant taxons regarded as a rare or endemic plant for the region taken under protection by the company are still grown.

In 2013, nearly 300 trees were planted in the framework of the Reforestation Festival organized by **Aygaz** Eskişehir Filling Facility with the participation of its employees. As a result of these practices, an area of 6,000 m<sup>2</sup> has been reforested. In the same period, **Otokar** planted 3,600 saplings.

As part of the Green Road Project conducted since 2004, **Opet** planted 44.688 saplings at 32 stations in 2013. Thus, over 590 thousand plants have been planted according to the climate and soil conditions of the region at 696 stations and treeless areas specified by municipalities so far.

**Tüpraş** has been producing saplings in Kırıkkale Refinery in the scope of "We Produce the Oxygen We Consume", a campaign conducted by Tüpraş since 2008. Under the project, a sapling is planted for each guest accommodating in Kırıkkale Refinery Residential; NGOs and official institutions are also given saplings

as gift to be planted. In the scope of this practice performed by employee volunteerism, 1,055 saplings were planted in 2013.

**Tüpraş** General Directorate and the Izmit Refinery Environmental Club developed the Smiling Nature, Happy Schools project, through which the seeds collected from nature are grown into saplings at the Refinery's greenhouse and planted at school gardens. As part of the project, 70 saplings were planted at Karamürsel Vocational High School and 282 saplings at TEV İnanç Türkeş Private High School in 2013 by the TEMA Foundation Kocaeli Branch, volunteer students and members of the Environmental Club.

**Yapı Kredi** planted 250 saplings in 2013 thanks to the credit product it developed for a green building Project thereby planting one sapling for every customer in Manisa Salih Gökkoç Memorial Forest with the help of the TEMA Foundation.

Number of Saplings Planted	
2009	65,000
2010	42,747
2011	89,140
2012	50,043
2013	55,944



Tofaş Assembly Line

### OPERATIONAL ENTRY AND DECOMMISSIONING PRACTICES

Koç Group companies pursue preestablished procedures during the process of opening or decommissioning operational sites. Many companies guide these practices through checklists. The main principles for all Group companies are to refrain from causing any negative impact on the existing environmental, social and economic value by conducting impact evaluation studies during the opening of an operational site; and when the time comes to exit an operational site, to go beyond preventing the decommissioning from having any environmental impact, especially on biodiversity, and to leave the site after restoring the natural features to its original state. In addition to the environmental impact, social and economic impacts are taken into consideration during the operational entry and decommissioning processes and an effort is made to eliminate any negative ones. The type of practices to be implemented depends on the nature of the sector.

### Environmentally-Friendly Products at Koç

Koç Group companies aim to reduce the environmental impact in the overall of product life-cycles through R&D and investment studies. The main aim of these studies is to provide the most environmentally-friendly product and service options for consumers in their segments and to foster the development of responsible buying behaviours.

Group companies try to comply with the norms specified by the Business Council for Sustainable Development, CECED and other similar local, sectoral and international NGOs about the environmental qualities of products according to their sectors, and to support initiatives realized in this regard. The development of environmentally-friendly products and services on the one hand boosts Koç Group companies' competitive power and on the one hand, creates a sustainable business model that supports the reduction of consumption-related environmental impacts through the potential of scaling produced by sales activities. For instance, our consumers saved over 2.3 million GJ of energy by preferring environmentally-friendly products and services offered by **Arçelik**, **Aygaz** and **Koç Information Technologies Group** in 2013.

**Arçelik** presented the most sustainable products to its customers in their own segments as a result of its investments and R&D studies. In 2013 Arçelik allocated TL 35.9 million budgets for these practices in an attempt to develop environmentally-friendly products and Arçelik consumers saved over 148 million GJ of energy by preferring products that minimize resource consumption.

The energy consumption need of the washing machines produced in 2013 decreased by 23,565 GJ compared to the product portfolio of 2012. In addition, general energy consumption per product has been reduced by 2.15%, as a result of which power consumption per product has dropped by 4.5% and natural gas consumption per product

has dropped by 1%. A similar trend has been caught in refrigerators and dishwashers, reducing the energy consumption level per product by 1.6% and 2.2% respectively. Energy consumption of A and higher class cooking appliances produced in 2013 has shown a decrease of 3.3 million kWh in comparison to last year while the emission they produce has been reduced approximately by 1,600 tons of CO<sub>2</sub>e. The model GEBM 34001 X produced in this period has become the least energy consuming product of its class with an A-45% level as well as becoming the most silent product with a 41 dBA noise level. In 2013, the production of tumble dryers included less C and B class heat pump products and featured more A class products. Thus, the average energy need of products has decreased by 10.5%.

In the television product group last year, 52% of the product portfolio was composed of LED TVs, which are known for their sustainable qualities. This rate increased to 88% in 2013. Moreover, A++ production level has been reached for the first time in television production, which achieves 30% of energy savings in comparison to A+ level, thanks to the improvements made during the year. As a result of these changes, the share of A++, A+ and A group products in the general product portfolio rose from 20% in 2012 to 76% in 2013. This tranformation of the portfolio is also reflected on product energy needs. The total energy need of TV products has been reduced by 43%.





Otokar

**Arçelik** products stand out not only with their energy consumption values but also with other environmental qualities. The R&D studies have led to the production of the most efficient compressor of the world and the first no frost refrigerator with A+++ -%30 energy efficiency. The studies have also created the EverFreshPlus technology that extends the span of keeping food fresh to 30 days. In built-in products, the most silent refrigerator of the world has been produced by reducing the noise level to 26 dBA through the new fan system designed by Arçelik.

Water consumption values were improved and brought to a more competitive level in the 60 cm and 45 cm dishwasher entry-level products. Those projects implemented in the 45 cm segment produced models with a water consumption level of 11 liters among entry-level products. The micro filter cleaning system, which is the first and one of its kinds globally, has been developed and filter cleaning period has been extended by 80%. Thanks to the glass protection quality developed, glass protection level of products has increased by 20 times. The tests carried out in the German TUV LGA Laboratories identified **Arçelik** products with the highest glass protection performance thanks to this quality. Another study made it possible to reduce the use of rubber in dishwashers by 7.6 tons annually. In 2013, WHICH, the most prestigious independent test magazine of the UK, gave 5 different "BestBuy" awards to the models Beko DSFS 1531 W and DS 1054 S in the 45 cm product category,

and the models Beko DL1243APW, DL1243APW and DW603 in the 60 cm product category for the efficiency they demonstrated in their washing, drying and energy performances. Moreover, the model BlombergDWT 25500 won the "Très Bon" award with its washing performance from Protégez-Vous, the test magazine published in Canada.

As a result of the projects carried out in 2013, there were noticeable improvements in the packaging materials of drying products. Thus, the amounts of cardboard packaging and wooden packaging were reduced by 37.6% and 38.1% respectively. On the other hand, improvements in product design led to a reduction of 404 tons of plastic and 155 tons of metal use. The new design of TV packagings reduced the use of cardboard and styrofoam per product between 9 - 27% and between 33 - 42% respectively. In this period, the total weight of products went down by 659 tons due to the improvements made in the use of materials, and logistics load for TVs was enhanced by 19-37%, which reduced GHG emissions resulting from logistics by the same rate.

**Aygaz** Autogas product, launched for the first time in 2009 and the formula of which was enhanced in 2012, enables autogas consumers to consume 2.66% less fuel at a fixed speed of 90 km/h. Apart from the economic performance, the product therefore also ensures reduced CO<sub>2</sub> and HC emissions. Thanks to the use of Aygaz products, 826,823 GJ of energy was saved in 2013 in total.

Manufactured by **Ford Otosan**, Ecotorq® Euro6 motor family significantly reduces the NOx values of exhaust gases through the SCR system, and PM values of exhaust gases through the DPF system. Ecotorq® Euro6 motors produce 80 gr less NOx emission and 1.6 gr less PM emission on average in an hour, compared to their Euro5 versions.

In the reporting period, **Otokar** upgraded to the Euro VI exhaust emission level in the Vectio and Territo vehicle group and started to manufacture the first vehicles of this kind. Turkey's first electric bus Doruk Electra has successfully completed road tests. Electra not only stands out with its zero level of exhaust emission but also with its very low noise level.

**Tüpraş** carries out its biofuel generation project with the aim to produce third generation biofuel based on the use of microalgae produced in a CO<sub>2</sub> environment instead of the use of agricultural products. Thus the goal is to eliminate the environmental impact resulting from the product life cycle and agricultural production. While the CO<sub>2</sub> emission value of the end product is similar to those of known fossil fuels, the CO<sub>2</sub> gas consumed during the production of microalgae is the CO<sub>2</sub> found in nature. Consequently, the consumption of the final product will not be a new source of CO<sub>2</sub> emission but will be a neutralizing factor thanks to the process of using the emission found in nature.



Ford Otosan Gölcük Factory Pond Area

### 2013 Environmental Awards

Koç Group companies enjoyed the appreciation of various institutions for their environmental practices and products and won various awards in 2013 as in the previous years.

In 2013, **Arçelik** received Turkey Carbon Disclosure Leader Award in the framework of the Carbon Disclosure Project (CDP) conducted by Sabancı University Corporate Governance Forum. Washing Machine, Electric Motors and Tumble Dryer Plants obtained the “Platinum” Certificate, the highest level according to “Energy Efficient Green Factories” evaluation. Çerkezköy Electric Motors Plant and Bolu Cooking Appliances Plant received the Most Energy Efficient Product Award in the Energy Efficiency in Industry Awards SENVER-13 category, given by the Ministry of Energy and Natural Resources General Directorate of Renewable Energy.

**Aygaz** Diyarbakır Filling Facility and Eskişehir Filling Facility ranked as the first and the second respectively on a city basis in the “Clean Industry” competition organized by the Ministry of Environment and Urban Planning.

In the reporting period, **Ford Otosan** was given 3 awards in the 3 different categories of the Istanbul Chamber of Industry (ISO) Environment Awards: Pads on the Press Lines Energy Savings Project received the first prize in Energy Efficiency Practices category; Dry-Type Sheet Metal Cleaning Project received the second prize in Environmentally-friendly Practices category; Environmentally-friendly Production System received the third prize in Environmental Management and Social Responsibility category. Moreover, Ford Otosan received the Ford Europe Environmental Leadership Award with its Dry-Type Sheet Metal Cleaning Project. Ford Otosan Kocaeli Plant was nominated for the Turkish Healthy Cities Association’s Environmental Facilities Award by the Municipality of Gölcük and received the award.

While **KoçSistem** was included among the National Champions in the European Business Awards’ Environmental and Corporate Sustainability category, **Otokar** came first in the Ministry of Environment and Urban Planning’s Cleanest Plant competition in 2013.

**Opet** ranked third among 3,300 nominees from 50 countries as the “Company of the Year” in the 10<sup>th</sup> International Stevie Awards’ Energy category, and received an award with its “Clean Toilet” campaign in Health, Safety and Environment Program of the Year category.

**Tüpraş** was awarded the first prize for Izmir Refinery in the Best Environmental Practices category of the Turkish Healthy Cities Association’s Environmental Facilities Awards in addition to the second prize in the Corporate Social Responsibility for the Environment category in the competition held by Aegean Region Chamber of Industry. In the same period, Tüpraş Batman Refinery won the Cleanest Industrial Plant Award in the competition held by the Ministry of Environment and Urban Planning.

### Projects for Developing Society’s Environmental Awareness

Koç Group companies carry out several projects and engage in fundraising and sponsorship activities with the purpose of developing environmental awareness in society at large besides reducing the environmental impacts of their products and activities to the minimum. In this framework, Group companies implemented 28 social responsibility projects and realized 15 fundraising and sponsorship activities in 2013.

*Arçelik successfully carried out the “Small Hands Which Bring Waste Back to Life” project and “Soil and Leaf” painting competition.*

In 2013, **Arçelik** Cooking Appliances Plant organized the 5<sup>th</sup> “Soil and Leaf” painting competition, participated by 123 students from 12 schools, in cooperation with the TEMA Foundation and Environment Association. “Small Hands Which Bring Waste Back to Life” project competition was held for the second time in 2013 with the aim of raising students’ awareness about retrieving recyclable materials and wastes back in the recycle chain. In the competition, students combined wastes or unusable materials with their creativity, producing beautiful examples of how waste materials could be reused.

*Aygaz “The Coast Clean-up Initiative”*

On World Environment Day, the TURMEPA Association and **Aygaz**





KoçSistem Clean Up the Sea Project

organized the Coast Clean-up Initiative, participated also by Aygaz employees. 57.5 kg of plastic, 86.5 kg of metal, 19.5 kg of paper and 15 kg of glass were collected, amounting to 178.5 kg of waste in total. In 2013, Aygaz also supported the “Earth Hour” event initiated by WWF in an attempt to reduce carbon emissions and prevent global climate change.

#### *Green Information Platform Carbon Counter*

Green Information Platform is managed by **KoçSistem** with the purpose of developing awareness about green IT practices and reduction of GHG emissions. In 2013, in the context of this platform, a carbon calculating software was made available for followers on the platform’s social media pages with the participation of employees. Developed with the help of KoçSistem employees and used by nearly 500 followers, the software enables individuals to calculate the total amount of GHG emission they create in a year. In the period, KoçSistem also supported the Earth Hour movement initiated by WWF and the waste collection campaign organized by the DenizTemiz Association. 35 kg of waste were taken out of the sea at the end of the waste collection event attended by KoçSistem employees as well.

#### *Environmental Training from Otokar to Students*

In the framework of World Environment Day, **Otokar** employees who are members of the Ekokar Environmental

Club gave Environment and Energy Savings training to 155 students at 3 different schools in Arifiye and Sapanca.

#### *Happy Wastes and Environmental Trainings from Tüpraş*

For the Happy Wastes Project, organized by **Tüpraş** İzmir Refinery for the development of waste management and recycling habits among the pre-school and elementary school students, their teachers, families and Aliağa community in general, 492 students at 4 elementary schools received environmental training in 2013. The aim of the project was to collect 22 tons of waste in total from the initiation of the project until 2013 and it has been achieved successfully.

In 2013, **Tüpraş** Batman Refinery Nature Club volunteers have organized environmental awareness-raising trainings in 70 schools, reaching 10,000 students. Moreover, 900 students were provided with environmental trainings in İzmit and Batman Refineries.

#### *What is Your Advice to Protect the Environment?*

The composition competition titled “What is Your Advice to Protect the Environment?” was organized by **TürkTraktör** with the participation of employees’ children between 7-14 years of age. Successful participants were declared on World Environment Day and were given their awards at TürkTraktör Summer Fest.

#### *Yapı Kredi Transforms Plastic Wastes Into Wheelchairs*

In 2013, **Yapı Kredi** participated in the campaign organized by the Spinal Cord Paralytics Association, supporting the collection of plastic bottle caps. As part of the campaign, 2.2 tons of plastic were collected and recycled. The profit was used for wheelchair donations. During the year, Yapı Kredi also supported WWF Earth Hour campaign.

# Ethical Values



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

Our Founder Vehbi Koç ”

As the biggest taxpayer in Turkey, accountability and transparency are crucial values for the Koç Group. For this reason, Koç Group companies adhere strictly to the laws in the countries where it operates, as well as to the standards required by international trade. All Koç Group companies regard the fulfillment of their legal obligations and maximization of benefit for their stakeholders as a corporate responsibility. In order to carry out this responsibility, an evergreen and efficient control mechanism has been maintained. In addition to the preventive approach for the procedures created within the scope of control system, specific targeted audits are conducted against the risk of all types of misconduct in Group companies.

The audit processes are managed by the Koç Holding Audit Group Presidency and reporting directly to the Koç Holding Chairman. A significant number of Group companies also has their own internal auditing function. In compliance with International Auditing Standards, Koç Holding and Group companies' internal audit departments essentially perform five basic auditing processes that are Risk Management Auditing, Process Auditing, Financial Statements Auditing, Regulations and Compliance Auditing, and Fraud Auditing. Within these five basic auditing processes, efficiency and sufficiency of internal audit systems are evaluated and areas for improvement are identified.

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

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

In fighting bribery and corruption, we take "Koç Group Code of Ethics and Business Conduct" as reference, published on our corporate website both in Turkish and English and shared with all our stakeholders. New recruits are informed on this code of conduct. Implementation of the Code of Conduct and the supervision of compliance process with the codes are managed by the Ethical Behavior Boards formed separately within Group companies and within Koç Holding.

In 2013, all audits conducted by Koç Holding and Company Internal Audit Teams included audits related to corruption. Behavior that is deemed suspicious is reported to the Koç Holding Audit Team managers by contacting them via their direct lines. The goal is to ensure

that company employees can submit their allegations directly and free of any influence.

For any possibility of corruption in the Group companies, the manager of the concerned department informs the company's General Manager on the situation. The General Manager then immediately informs the business Unit Presidency and the Audit Group Presidency that they report to at Koç Holding. The results of the corruption review are conveyed to the concerned senior management. In the process of researching suspicion of corruption, the following issues are of utmost importance:

- Clarifying the issue as soon as possible,
- Maintaining confidentiality,
- Following the necessary legal process,
- Informing public authorities or stakeholders, if necessary.

In order to enhance efficiency in fraud audits, Koç Holding currently employs 2 auditors exclusively certified in fraud auditing (CFE-Certified Fraud Examiner). Besides, in order for them to possess a globally acknowledged know-how, auditors are supported for their CIA (Certified Internal Auditor) Certification. The Koç Holding Audit Group Presidency currently employs 7 CIA certified auditors.

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



### Business Ethics in the Supply Chain

Koç Group acts with respect to human rights that are set in national legislation and international agreements and does not allow their violation. Koç Group works towards extending the courses of conduct pertinent to human rights to the employees, suppliers, customers, services, distributors and contributing to the development of this awareness.

Koç Group companies are also sharing the ethical values they are devoted to, with their value chains and providing support to the diffusion thereof. To that end, Arçelik and Ford Otosan suppliers were provided ethical training for 595 person x hours. In addition, **Ford Otosan, Arçelik** and **Otokoç** suppliers were provided training on social issues for 2,037 person x hours.

The number of active suppliers of the companies within the reporting scope is 10,087. The rate of supply chain audits increased 5% and reached 13%, and 8% of these suppliers were subjected to supply chain audits in relation to human rights questions. Although auditing methods differ according to the sector where the company is positioned, as well as the goods and services supplied; working conditions provided to the suppliers' employees, any condition that might influence the product quality, as well as the company's pattern of managing environmental impacts are amongst the issues attended to in audits. Koç Group companies are planning to persist with their audits in the supply chain at an ever-increasing pace.

The supplier chain auditing procedure of Aygaz serves as a model for the supplier chain auditing practices of other Koç Group companies. During their visits to suppliers, Aygaz examines the working environment and infrastructure of the supplier company, the compliance with legislations and regulations, the recruitment of child labor, the prevention of forced labor, the occupational health and safety norms and the compliance with the legal working hours.

### Responsible Advertising and Marketing

Having high rates of market shares inside and outside Turkey, Koç Group companies present their products and services to a wide range of consumers and customers. Hence, advertising and other marketing communication tools, as well as their proper and correct use, are extremely important for Koç Group companies. Group companies aim for social development and increase in awareness through brand communication and sponsorship activities, hence for increase in corporate reputation. These activities are realized based on 4 integral values of Koç Brand, which are Leadership, Optimism, Solidarity and Value Generation. In this regard, our Group acts in accordance with the ICC (International Chamber of Commerce) Principles of Advertising Practice and the Advertising Self-Regulatory Board's guidelines when engaging in advertising and promotional activities.

These principles are essentially made up of the following issues:

- Ethical compliance,
- Integrity,
- Social responsibility,
- Truthfulness (not being misleading),

- Advertisements' legality and compliance with regulations,
- The ability to prove the accuracy of descriptions, claims or visual depictions, which are used in marketing communications,
- Avoiding detraction, unfair utilization of commercial credit and imitation,
- Respect for individual rights.

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

### Product Information

Providing the most accurate, up-to-date and reliable information possible to our consumers concerning products is a primary area of responsibility based on ethical approaches of all Koç Group companies. The Group companies provide goods and services to larger numbers of consumer groups in different sectors and hence product notifications are prepared with a scope and diligence far beyond legal obligations. In line with the sectoral requirements, all companies deliver their product information to their consumers via different methods. Differing according to product types; product contents, usage instructions as well as environmental impacts are included in the product information.

# Vocational Education: A Crucial Matter For The Nation

Launched in 2006 by Koç Group in cooperation with the Ministry of Education and Vehbi Koç Foundation within the scope of the “The Collaboration for Development of Vocational Training Protocol”, “Vocational Education: A Crucial Matter for the Nation” Project (MLMM) was completed in 2013.

Seeking to create awareness in society as to the essential part vocational education plays for Turkish economy; the project has focused on paving the way for cooperation between private and public sectors, and has helped forming a qualified workforce by encouraging young people to take up vocational education. What makes the project unique among many social projects undertaken so far is the fact that it has established a sustainable cooperation model between private and public sectors as well as NGOs on sector-specific and national levels.

Many studies have been implemented to make this exemplary practice, which has taken on the name “School – Workplace Partnership Model”, more widespread along with its many components including scholarships, curriculum, laboratories, internships, vocational high school coaching, vocational education and employment. Speaking on a corporate level, “School-Workplace Partnership Model” has turned into an integrated part of investments made by Koç Group companies in vocational education and their human resources policies. As a result of various micro projects developed in that respect, 8 Koç Group companies in 5 sectors established 29 laboratories, 7 education centres, 1 vocational high school and 1 vocational school.

Devised within the scope of the MLMM Project to make the model more widespread in the private sector, “Vocational High School Coaches Program” was taken over by business world in 2012 under the leadership

of “Corporate-Volunteer Association” (ÖSGD). When the program was taken over by ÖSGD, it started to be implemented in 7 provinces and involved 30 companies, 55 schools and more than 300 volunteers. During the 2013-2015 periods, the program is intended to be more widespread to include 44 companies, 221 new volunteers and 10 provinces in total.

In an effort to disseminate the experience and results from the MLMM Project all over Turkey, “Partnership for Quality in Vocational Education Project” was launched in collaboration with the Education Reform Initiative in 2010. The goal was to come up with propositions to enhance quality in vocational education, and many of the propositions developed by this fruitful collaboration has been materialized.

## Components of the Project

The activities implemented within the scope of the “Vocational Education: A Crucial Matter for the Nation” project for 7 years and modelled under the title “School-Workplace Cooperation Model” are depicted below:

### *Scholarship Support*

MLMM Project sought to provide “internship-supported vocational high school scholarships” for at least one vocational high school in every province of Turkey for 7 years. The goal was to reach 8,000 students in total by ensuring that the system covered additional 2,000 students annually for four years from the schools selected in cooperation with the Ministry of Education. Applications were received over a website developed specifically for the management of MLMM and the students to receive scholarships were selected by Koç Group employees and school administrations according to criteria such as students’ interest in the job, their needs and occupational talents. The criterion taken into most consideration in the selection

process was to prioritize female students. In order to encourage girls’ participation in vocational education, when two applicants with the same qualities applied for the scholarship, female students were preferred over male students. The project therefore contributed to resolving one of Turkey’s main education problems, “school-age girls not being sent to the school”.

### *Vocational High School Coaches*

The greatest transformations triggered by the project were realized as a result of the Vocational High School Coaches program established by the volunteering Koç Group employees and dealers. Providing their support in many areas, the coaches proved to be one of the unique features of MLMM. Supporting the students receiving scholarships throughout their education life, Vocational High School Coaches (MLK) were selected from 20 companies affiliated with Koç Group and Migros. 579 volunteering MLKs from 76 provinces helped selecting those who would receive scholarships; monitoring and evaluating the students’ personal development, academic performance; monitoring and supporting internship, employment processes as well as taking initiatives for the development of the selected school capacities throughout the project period.

In 2012 Koç Holding passed the management of the Vocational High School Coaches program onto “Corporate-Volunteer Association” (ÖSGD). ÖSGD has therefore managed to reach 2,900 new students through 529 volunteers from 44 ÖSGD member companies in the first 2 years of the program.

### *Priority for Internships and Employment*

Koç Group companies provided internship opportunities for students in line with needs analysis and potential of the businesses and the schools partnered. Those who got scho-





MLMM Project Volunteers

larships also benefited from various activities such as modules devised for their personal development, trips organized to companies and plants, participation opportunities in seminars and cultural activities. Moreover, Koç Group companies also prioritize the recruitment of the students that have enjoyed scholarships and internships once they have graduated from school.

#### *Micro Projects*

Within the scope of the MLMM Project, micro projects were designed to meet specific needs of the sectors Koç Group companies operate in. The most tangible outcome of those projects was the laboratories established. Opened to increase the capacity of the vocational high schools and to enhance overall educational quality, the laboratories enable students to learn about current technologies. Another outcome from those micro projects has been the contribution made to vocational education curriculum, which will make a true difference thanks to its long-term impact. New departments were also opened in line with the sector needs. All those studies seek to train the qualified workforce the sector needs, ensure that the students acquire at school the experience and knowledge they will need when they begin to work, and produce a cooperative model for schools and workplaces. As a result of the micro projects undertaken, 8 Koç Group companies in 5 sectors established 29 laboratories, 7 education centres, 1 vocational high school and 1 vocational school. In addition to that, over 400 school teachers received additional training.

#### *Contests*

Many contests were organized during MLMM Project with the participation of thousands of students to support vocational and personal development of the students and create awareness in society regarding

their success. Two viral contests were designed within the scope of the project. Initiated in 2009, "Show Your Vocation" contest reached 202,000 people while "High Schools Compete in Vocation" contest reached 426,000 people and overall 7,800 students participated in those two contests. What is more, 5 different project contests were organized with the participation of 1,118 vocational high school students.

The project contests sought to help students boost their confidence, internalize citizenship responsibilities, acquire skills for project development, creative thinking, working in teams and taking initiative. The two winning projects, "My School at Authorized Service Shop" and "Training 3D CMM and Metallurgical Examination Technicians," were adopted by companies participating in school-workplace partnerships and thereby became widespread.

#### *Communication Campaigns*

The secret to the success of MLMM Project lies in communication campaigns and activities organized to create awareness implemented on a stakeholder basis and strategic way. Many communication activities were organized to make the project popular and raise public awareness regarding the importance of vocational education.

A series of frequent press meetings were held within the scope of the communication campaigns to discuss problems faced by vocational education, ways to solve those problems and the results of the MLMM Project. In an effort to increase interest in vocational high schools, mass media advertisement campaigns were initiated including "There are Plenty of Jobs for Me", "It works if I educate" in 2008 and 2009 and "Every Job Needs an Expert in Charge" in 2012. Social media campaigns were also organized and reached 35 million people, and 21

e-bulletins were issued to share the best practices achieved with our stakeholders within the scope of the project. Moreover, letters were sent to 1,000 opinion leaders annually so that public opinion could put to work in favour of the project.

#### *Collaborations*

MLMM Project was designed from its very start to guide different collaborations for reaching its main goal. In line with this vision, Koç Group undertook many studies to achieve cooperation with many actors on a number of levels for 7 years. Thanks to the cooperation established with the Youth for Habitat Association, the students receiving MLMM scholarships also received lessons within the scope of the Association's "Those Who Know How to Use a Computer Teach It to Those Who Don't" project. In addition to that, MLMM taught students in 21 schools about entrepreneurship and helped them experience what running a business means by establishing online companies by cooperating with Junior Achievement Association. In a different cooperation with the Turkish Foundation for Combating Soil Erosion (TEMA), 1,700 students from MLMM schools received environmental education and developed awareness about efficient use of natural resources. What is more, in an effort to determine what actions should be taken to ensure transformation on a policy level and to encourage related stakeholders to act, "Partnership for Quality in Vocational Education" project, which was originally initiated by Koç Holding together with the Education Reform Initiative (ERG), was undertaken. Another critical collaboration started within the framework of MLMM Project was the one with the Corporate - Volunteer Association (ÖSGD). Consequently Vocational High School Coaches Program, one of the MLMM Project parts making the greatest change, has become more widespread in the business world.



İstanbul Fiat Laboratory

### Project Results

Initiated in 2006 and outgrew the boundaries of Koç Holding in 2013 to go on in new channels in the future, MLMM Project has achieved many results for the country thanks to the efforts shown by students, their teachers, Ministry of Education, coaches and all the project volunteers.

When one evaluates the various outcomes of the project so far, the total number of students from 264 schools and in 81 provinces that enjoyed active scholarships between 2006 and 2013 amounted to 8,118 in total, which also means that the quality of life for tens of thousands of people was improved when the families of the students are taken into consideration. Despite the traditionally low number of female students at Industry Vocational High Schools, 44 percent of those that received scholarships in MLMM Project were female students. The project helped increase the total number of vocational high school students by 68% between 2006-2010 while the ratio of vocational high schools to general high schools rose from 36.2% to 46%. Partnerships started with NGOs led to provision of environmental, entrepreneurship and computer literacy trainings to 2,461 students on scholarship. 579 Koç Group employees have volunteered so far to take part in the program and the Vocational High School Coaches Program was passed on to ÖSGD so that 44 new companies outside Koç Group could take up the program as well.

Composed of parts such as scholarships, curriculum, laboratories, internships, personal and professional development and recruitment, "School-Workplace Partnership Model" provided feedback for the strategies and policies developed by public sector organizations. Apart from that, other incentives were provided for other organiza-

tions to develop projects for vocational high schools. Hence the interest shown in and the support lent by the private sector for similar partnerships were revitalized.

In 2013, a film and a book about the 7-year adventure of the project, titled "Our Story-the Story of a Generation in Vocational Education" were completed and released for the public. The statements made by the students, teachers, school administrators and vocational high school coaches that participated in the project along with the publications mentioning the results of the project could be seen on [www.mlmm.com.tr](http://www.mlmm.com.tr).

### Koç Group Exemplary School-Workplace Cooperation Practices

Within the scope of the MLMM Project, micro projects were designed to meet specific needs in various areas. The goal for these studies has been to train the qualified workforce required by the sector, ensure that the students are equipped with the experience and knowledge they will need by the time they have graduated and have begun to work, and establish a sustainable school-workplace cooperation model. In that respect, some of the projects developed are depicted below:

#### Arçelik Electrical Home Appliances Technical Training Program

Having developed the Electrical Home Appliances Technical Service Program to reinforce the relationship between vocational training and employment, **Arçelik** seeks to train technical workforce familiar with the latest developments in electrical home appliances industry as well as with new technologies. 8 Arçelik Laboratories were set up within the scope of the program in 6 provinces and the laboratories were equipped with measuring devices and equipment based on new technologies in

electric home appliances technical services branch. The curriculum for the laboratories was restructured in cooperation with the Ministry of Education and the teachers were trained at Arçelik Academy. In 2013, 331 students and 57 teachers in total benefited from these trainings at 8 schools.

As part of the program, the students are given the opportunity to do internship at **Arçelik** authorized service shops and those successful students who wish to go on to work at Arçelik or its authorized service shops are certified and recruited. The first group of students graduated from the schools in İstanbul and Diyarbakır while Arçelik recruited 18 of them at its authorized service shops. Arçelik has thus managed to launch a sector-specific model for establishing and continuing a direct relation between education and employment.

**Arçelik** employees, authorized sellers and service shops support MLMM Project. Arçelik has taken on the responsibility for 26 schools within the scope of the project. Composed of 28 volunteering Arçelik staff, "Vocational High School Coaches" support personal development of the students, prepare them for the business life and set role models for them. 1,283 students on scholarships have been selected in total since the start of the project.

#### My School at Authorized Service Shop

Implemented by **Otokoç** in 2009 to enable vocational education students to get familiar with current technologies, develop their skills and help them turn into self-confident individuals with free minds, My School at Authorized Service Shop Project reached 5 provinces with voluntary support from 20 company employees in 2013. Since its start in 2009, the project has reached 1,180 students in total.





Diyarbakır Arçelik Electrical Home Appliances Laboratory

### International Awards and for Vocational Education:

**2009:** Received the Silver Medal in "Public Relations Category" of the Magellan Awards organized by the League of American Communication Professionals (LACP)

**2010:** Won The Sabre Award in the "Corporate Social Responsibility" category of the 2009 Europe Sabre Awards organized by Holmes Group

**2010:** Selected as the "Second Best Social Responsibility Program in Europe" in the "Companies / Organization" category of The International Business Awards organized by Stevie Awards.

**2011:** Won the "European Award" in the "Large Corporations" category of the "European Employee Volunteering 2011 Program" organized by the Business in the Community and promoted by the European Commission.

**2012:** Selected by the International Labour Organization's (ILO) Youth Employment Forum as "Best Practice for Supporting Youth Employment in Europe".

**2013:** "Corporate Social Responsibility Communication Award of the Year" conferred to "Vocational High Schools Compete in their Profession" Online Competition, within the framework of the "European Digital Communication Awards 2012" organized by Berlin-based Quadriga University.

### National Awards

**2006:** "Corporate Social Responsibility Award" given by Active Academy in the International Finance Summit

**2009:** Selected as "The Most Successful Public Relations Project" in the Burç College Communication Awards

**2009:** Selected as "The Most Successful Volunteer Project" in the Awards from the Heart organized by the Association of Private Sector Volunteers (ÖSGD)

**2011:** Won the award for Turkey in the "Large Corporations" category of the "European Employee Volunteering Awards" organized by the KSSD and ÖSGD.

**2013:** Won the Golden Mixx Award for Social Marketing in the Turkey category with "High Schools Compete in their Profession" of the Mixx (Marketing and Interactive Excellence) Awards- an international competition for digital creativity and interactive marketing.

**2013:** High Schools Compete in Their Profession Project won 3 top prizes in the MediaCat Felis Awards in the following three categories: Target Audience Children and Teenagers (aged 5-18); Corporate Image, and Information, Charity Organizations; Public Health and Safety/ Public Awareness Messages.

**2013:** High Schools Compete in Their Profession Project won the top prize in the Target Audience – Community Commitment Category of the DP Awards organized by the Direct Marketing PR Specialists Association.

### Fiat Laboratories

Undertaken by Tofaş to create a workforce capable of handling new technologies, Fiat Laboratories are available in 11 vocational high schools located in 9 provinces all over Turkey. Apart from specialized school teachers, **Tofaş** managers too work at **Fiat** Laboratories and 806 students and teachers benefited from them in 2013. Out of 242 students that graduated from Fiat Laboratories in 2013, 70 of them began to work directly at Fiat authorized service shops. Meanwhile so far 600 school teachers have participated in the in-service trainings pro-

vided by Tofaş Academy for vocational high school teachers for the last 7 years.

### Kocaeli University VKV Ford Otosan Gölcük-Ihsaniye Automotive Vocational High School

Students who study at KOU VKV **Ford Otosan** Gölcük-Ihsaniye Automotive Vocation High School in accordance with education standards and vocational criteria will be able to work in the fields of design, production, marketing and sales services. This project is of vital importance because not only applied vocational education concept is being implemented in higher education for the first

time, but also this high school is a disabled-friendly facility and provides education for the disabled.

### MEGEP from Tüpraş

Formed within the framework of the **Tüpraş** Technical Education Program, Project for Strengthening Vocational Education and Training Project (MEGEP) includes a protocol signed with the Ministry of Education in 2007 to train qualified workforce for the Refinery and Process branches under the Chemistry Technology Area. As part of the MEGEP, vocational high school students of 11<sup>th</sup> and



Bursa TürkTraktör Agricultural Machinery Laboratory

12<sup>th</sup> grades have regularly visited İzmit, İzmir, Kırıkkale and Batman refineries and received technical trainings regarding the refineries. All of the participant students of the project enjoyed the opportunity to do an internship at the refineries and they will have priority at job applications.

Within the scope of MLMM, Tüpraş refineries have taken on responsibilities for 15 schools since 2007. 149 students have graduated thanks to scholarships provided by İzmit Refinery while that number is 188 for İzmir Refinery, 168 for Kırıkkale Refinery and 58 for Batman Refinery.

#### *TürkTraktör Agricultural Machinery Laboratories*

Established in Ankara, Amasya, Şanlıurfa and Bursa, "TürkTraktör Agricultural Machinery Laboratories" seek to enhance the quality of vocational education for agricultural machinery, contribute to meeting the need for highly qualified and well-trained staff for the sector and raise awareness among farmers about the use of agricultural tools safely. In 2013, the laboratories began to provide training for 32 teachers, over 300 students and 750 farmers. Graduation tests were given for the students of Ankara, Amasya, Şanlıurfa and Bursa TürkTraktör Agricultural Machinery Laboratories and those who passed the tests received certificates. For the MLMM students a 2 days training and trip program was also organized at the company. Meanwhile 3 students from Ankara TürkTraktör Agricultural Machinery Laboratory have begun to work at TürkTraktör.

#### *Scholarship support from Aygaz*

To support MLMM, Aygaz plants in Gebze, Diyarbakır and Samsun have provided scholarships for 25 students. The project will go on with new students selected every four years to receive scholarships until the day they graduate.

### MARMARA REGION

#### *Bursa*

1 Arçelik Laboratory  
1 Fiat Laboratory  
1 TürkTraktör Agricultural Machinery Laboratory

#### *İstanbul*

28 Schools  
92 MLKs  
2 Ford Laboratories  
3 Arçelik Laboratories  
3 Fiat Laboratories

#### *Kocaeli*

17 Schools  
43 MLKs  
1 Ford Laboratory  
1 Ford Otosan Vocational College  
1 Fiat Laboratory  
1 Tüpraş Refinery Laboratory  
1 Yapı Kredi Vocational High School

#### *Sakarya*

5 Schools  
10 MLKs  
1 Otokar Education Center

#### *Balıkesir*

2 Schools  
7 MLKs

#### *Bilecik*

2 Schools  
5 MLKs

#### *Bursa*

11 Schools  
32 MLKs

#### *Çanakkale*

1 School  
1 MLK

#### *Edirne*

1 School  
1 MLK

#### *Kırklareli*

1 School  
3 MLKs

#### *Tekirdağ*

2 Schools  
5 MLKs

#### *Yalova*

1 School  
3 MLKs

### AEGEAN REGION

#### *Afyon*

1 School  
3 MLKs

#### *Aydın*

2 Schools  
6 MLKs

#### *Denizli*

2 Schools  
8 MLKs

#### *İzmir*

15 Schools  
42 MLKs  
1 Arçelik Laboratory  
1 Otokoç Education Center  
1 Fiat Laboratory  
1 Tüpraş Refinery Laboratory

#### *Kütahya*

1 School  
3 MLKs

#### *Manisa*

2 Schools  
2 MLKs

#### *Muğla*

2 Schools  
3 MLKs

#### *Uşak*

1 School  
3 MLKs

### MEDITERRANEAN REGION

#### *Adana*

3 Schools  
9 MLKs  
1 Otokoç Education Center  
1 Fiat Laboratory

#### *Antalya*

6 Schools  
18 MLKs  
1 Fiat Laboratory

#### *Burdur*

1 School  
3 MLKs

#### *Hatay*

3 Schools  
6 MLKs

#### *Isparta*

1 School  
3 MLKs

#### *Kahramanmaraş*

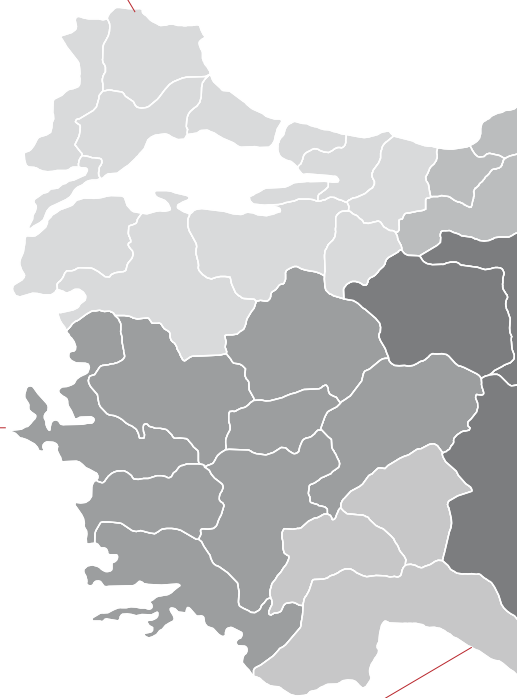
1 School  
5 MLKs

#### *Mersin*

3 Schools  
7 MLKs

#### *Osmaniye*

1 School  
4 MLKs







Ford Otosan Karamürsel 3D CMM Measurement Laboratory

### BLACK SEA REGION

**Amasya**  
1 School  
2 MLKs  
1 TürkTraktör  
Agricultural  
Machinery  
Laboratory

**Artvin**  
1 School  
1 MLK

**Bartın**  
2 Schools  
5 MLKs

**Bayburt**  
1 School  
1 MLK

**Bolu**  
2 Schools  
4 MLKs

**Çorum**  
1 School  
2 MLKs

**Düzce**  
2 Schools  
4 MLKs

**Giresun**  
3 Schools  
5 MLKs

**Gümüşhane**  
1 School  
2 MLKs

**Karabük**  
1 School  
1 MLK

**Kastamonu**  
2 Schools  
2 MLKs

**Ordu**  
1 School  
1 MLK

**Rize**  
2 Schools  
2 MLKs

**Samsun**  
7 Schools  
16 MLKs

**Sinop**  
1 School  
1 MLK

**Tokat**  
1 School  
1 MLK

**Trabzon**  
3 Schools  
6 MLKs

**Zonguldak**  
1 School  
2 MLKs

### EAST ANATOLIA REGION

**Adıyaman**  
2 Schools  
4 MLKs

**Batman**  
3 Schools  
7 MLKs

**Diyarbakır**  
3 Schools  
10 MLKs

**Gaziantep**  
1 School  
1 MLK

**Kilis**  
1 School  
4 MLKs

**Mardin**  
2 Schools  
5 MLKs

**Siirt**  
1 School  
2 MLKs

**Şanlıurfa**  
3 Schools  
4 MLKs

**Şırnak**  
1 School  
3 MLKs

### SOUTHEAST ANATOLIA REGION

**Ardahan**  
1 School  
2 MLKs

**Bingöl**  
1 School  
1 MLK

**Bitlis**  
1 School  
1 MLK

**Elazığ**  
2 Schools  
6 MLKs

**Erzincan**  
2 Schools  
4 MLKs

**Erzurum**  
3 Schools  
7 MLKs

**Hakkari**  
1 School  
2 MLKs

**Iğdır**  
3 Schools  
4 MLKs

**Kars**  
1 School  
3 MLKs

**Malatya**  
2 Schools  
5 MLKs

**Muş**  
1 School  
2 MLKs

**Tunceli**  
1 School  
2 MLKs

**Van**  
1 School  
3 MLKs

### CETRAL ANATOLIA REGION

**Aksaray**  
1 School  
3 MLKs

**Ankara**  
16 Schools  
44 MLKs  
1 Ford Laboratory  
1 Arçelik Laboratory  
1 Fiat Laboratory  
1 TürkTraktör Agricultural  
Machinery Laboratory

**Çankırı**  
1 School  
3 MLKs

**Eskişehir**  
5 Schools  
10 MLKs

**Karaman**  
1 School  
2 MLKs

**Kayseri**  
1 School  
3 MLKs

**Kırıkkale**  
4 Schools  
13 MLKs

**Kırşehir**  
1 School  
2 MLKs

**Konya**  
3 Schools  
5 MLKs

**Nevşehir**  
8 Schools  
9 MLKs

**Niğde**  
1 School  
3 MLKs

**Sivas**  
2 Schools  
5 MLKs

**Yozgat**  
1 School  
4 MLKs

Cited from the book "Our Story: Story of a Generation in Vocational Education"

\* The abbreviation "MLK" refers to Vocational High School Coach

# Social Development At Koç

“

I live and prosper with my country.

Our Founder Vehbi Koç ”

Internalizing the spirit of our times and perceiving the expectations of the society and responding them adequately are at the basis of the work performance and corporate reputation of Koç Group. In this context, Koç Group aims to contribute to the social development in its regions of operation by supporting the enhancement of prosperity and creativity.

Koç Holding strengthens the awareness on social responsibility and ensures this awareness is institutionally cultivated throughout the Group with international initiatives such as the United Nations Global Compact. Koç Holding has shaped the social responsibility understanding inherited from its founder Vehbi Koç in accordance with the spirit of our times and sustains it through the synergy created by Group companies as a whole.

The mission of Koç Group and companies is to create a happier and more prosperous Turkey for future generations. To this end, Group companies seeked solutions to social problems and allocated resources for various projects in the areas of health, education, culture and arts and environment in 2013. Embracing our founder Vehbi Koç's words "I live and prosper with my country" as a fundamental principle, Koç Group plays an active role in the progress of the country with the social responsibility projects it originates and contributes to.

## Koç Promotes Solutions for Social Problems

Koç Holding and Group companies mobilize their strengths such as know-

how and qualified human resources for solving social problems. They develop long term projects by matching the areas where social needs concentrate with the resources they own, and aim to be a part of the solution.

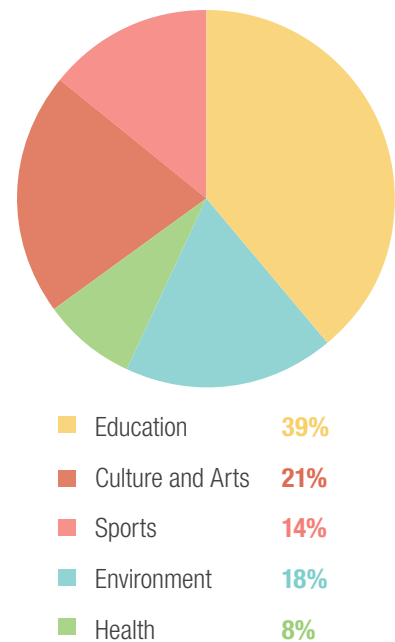
### For My Country

Started in the year 2006 by Koç Holding, "For My Country" is based on the idea of disseminating the idea of responsible citizenship. The aim of "For My Country" Project is to develop a participatory attitude among Koç Group employees, dealers and suppliers towards the solution of social problems. Within the scope of "For My Country" Project, which focuses on a different social need every two years, 387 local projects supporting local development were implemented in the years 2006-2007. In the years 2008-2009, 1,084,000 trees were planted in 7 For My Country Forests across the country and 18,000 children were provided with environmental education.

With the 2010-2011 practice, 103,000 people were reached through the voluntary and regular blood donor campaign aimed at raising awareness and 83,579 units of blood were donated to the Turkish Red Crescent. Koç Group has realized, with these figures, the largest blood reserve donation to the Turkish Red Crescent ever made by a company.

Within the scope of "For My Country", the "No Barriers for My Country" Project was initiated in cooperation with the Alternative Life Foundation (AYDER) and United Nations Development Program

## Social development investments by Koç Group companies by subject (%)



(UNDP), in the years 2012-2014. This project aims to create social awareness about disability through a holistic approach characterized by the saying "No Barriers for My Country." A total of 78,373 people have been reached with the educations offered in 34 Koç Group companies and in 24 cities that volunteered to participate through our For My Country Ambassador distributors, between May 2012 and December 2013. In the context of the "Right Approach to Disability" trainings, 357 volunteer trainers have been trained, and 1,534 trainings have been organized. In addition to this, 64 different



Arçelik Athletics and Running Team

studies have been realized to make our companies, distributors and stores “Disabled Friendly”. As part of the project, while the legal responsibilities of employing disabled personnel were followed, products and services devoted to the disabled were also developed. In addition, our companies realized 39 social responsibility practices in support of the project, in cooperation with NGOs as well as public institutions.

In 2013, our Group Companies alleviated the physical conditions in where they operate and many of the companies such as Ford Otosan, Arçelik, Opet, Beko, Koçtaş and Divan added the provision of “Being Disabled-Friendly” to their procedures for their new dealers and shops to be opened

As part of the project, Arçelik and Yapı Kredi, supported the audible library for the visually impaired in cooperation with Bogazici University Technology and Education Center for the Visually Impaired. In addition, Arçelik drew attention to “No Barriers for My Country” Project with its voluntary team of 300 people at the 35<sup>th</sup> Istanbul Euroasia Marathon.

**Aygaz** offered a forwarding service through its call center whereby the safety information in cases such as gas leak can be listened to. A total of 6,000 participants, in 8 cities visited as part of Aygaz Summer Festival activities, were provided with awareness raising presentations.

No Barriers Theatre Club, consisted of disabled employees at **Ford Otosan** played “Ferhad ile Şirin” on stage for 6 times in 4 different cities and reached 1,575 viewers.

**Otokar** employees have continued their voluntary teaching activities within the “No Barriers for My Country” Project and donated office supplies to the Dreams Academy Project being implemented by AYDER for children with limited opportunities. Otokar employees have also continued donating battery-operated wheelchairs and hearing instruments to disabled citizens in need.

In cooperation with Kocaeli Governorate, Kocaeli Municipality and Kocaeli City Council, **Tüpraş** realized a project that aims to upbringing public personnel who know and use sign language, in order to increase the life quality of hearing impaired citizens. As a result of the project, 300 civil servants and 12 Tüpraş

employees completed sign language training and received certificates. With the support provided to Library of Turkey for the Visually Disabled Association, a book reading and reduction room was established. In order to contribute to the physical development of the students, equipment was donated to İzmit District Governorate Special Training Application Center, which provides education to 40 autistic children in 8 classes. Moreover, central camera system was established in order to observe hyperactivity.

In 2013, within the scope of For My Country Project, Yapı Kredi launched the “**Yapı Kredi Bank** B Type For My Country Variable Growth Fund” in collaboration with Koç Holding and Vehbi Koç Foundation. Yapı Kredi Bank aims to donate the income from fund sales to For My Country projects conducted within Koç Holding. This donation is planned to be used for social responsibility studies specific to the project.

Beside these practices, Koç Holding, in collaboration with Tohum Autism Foundation, has started to work on the training of trainers working at Beylikdüzü Special Education and Work Practice Center serving within the body of Istanbul Provincial Directorate for National Education and to realize Inclusive Education Activities in 20 schools located in Beylikdüzü.

	For My Country Ambassadors	Companies included in the project
2006	81	43
2007	81	30
2008	81	22
2009	81	*
2010	121	49
2011	135	46
2012	116	34
2013	125	34

\*Companies were not included in the 2009 practice.





Ford Otosan Handicap Free Theatre Club

Developing into a corporate volunteering program through years, For My Country project has received UNDP Special Award in the 11<sup>th</sup> Golden Compass Awards in 2012, organized by Turkish Public Relations Association. In 2013, the highly attractive social media campaign of the project “Donate Your Message” was awarded the first place in “Best Campaign for the Disabled” and “Best Public Informing/Awareness Campaign” categories of Farmaskop 2013 National Health Communication Awards.

#### *Preventing Violence Against Women Education Program*

Üsküdar Police Department and Koç Holding collaborated in 2013 and initiated a training program in order to strengthen the knowledge and skills of police officers about the protection of women victims of violence. The pilot study for the “Preventing Violence Against Women Training Program”, which was prepared with the support of the Humanist Bureau, was completed with the trainings provided in 2013 and activities for the dissemination of the project are planned to be realized in 2014.

#### **Koç Provides Support for Health**

Health is one of the primary areas of social responsibility for Koç Group. With reference to Vehbi Koç’s words, “If you don’t have health, you don’t have anything”, Group companies contribute to improving the infrastructure of our country’s health services with the projects they implement

every year, in addition to the major investments realized by Vehbi Koç Foundation in this field.

#### **Vehbi Koç Foundation**

##### *Koç University Health Sciences Campus*

The first phase of the Koç University-School of Medicine Health Sciences Campus, which was under construc-

tion in 2013, is expected to be completed in September 2014. When the second phase, which comprises Koç University Health Sciences Campus and Education and Research Hospital, is completed, Vehbi Koç Foundation will launch a worldwide health complex with the Health Sciences Campus comprising private hospital services devoted to oncology and pediatrics.

#### **VEHBI KOÇ FOUNDATION**

Since its establishment, Vehbi Koç Foundation (VKV) has worked to set an example for the best in the fields of education, health and culture through its programs and centers of excellence. In 2013, Vehbi Koç Foundation continued to make a difference in society through the programs it runs from its headquarters as well as through its affiliated institutions.

#### **VKV INSTITUTIONS**

##### **Education**

The Koç School (High School 1988, Elementary School 1998)  
Koç University (1993)  
Model School Project (Planned to be opened in 2015)

##### **Health**

Semahat Arsel Nursing, Education and Research Center (SANERC, 1992)  
VKV American Hospital (1995)  
Koç University School of Nursing (1999)  
Koç University School of Medicine (2010)  
Health Sciences Campus (First phase is planned to be completed in 2014)

##### **Culture**

Sadberk Hanım Museum (1980)  
Vehbi Koç and Ankara Research Center (VEKAM, 1994)  
Suna-İnan Kiraç Research Institute for Mediterranean Civilizations (AKMED, 1996)  
Antalya Kaleiçi Museum (2000)  
Koç University Research Center for Anatolian Civilization (RCAC, 2005)  
ARTER (2010)  
Contemporary Art Museum (Planned to completed in 2016)

For more information on VKV institutions and 2013 activities, you can visit their websites at [www.vkv.org.tr](http://www.vkv.org.tr)





Vehbi Koç Commemoration and Awards Ceremony

### *The Nursing Fund*

The Nursing Fund utilizes significant resources every year to contribute to the development of the nursing profession and to improve the health of the society. Every year, the fund supports 10 projects and provides scholarship for up to 100 nursing students. In the year 2013, Koç Holding has decided to make a donation to Vehbi Koç Foundation Nursing Fund for the scholarship of 50 more nursing students, to celebrate the 50<sup>th</sup> working year of Semahat Arsel.

### *Semahat Arsel Nursing Education and Research Center (SANERC)*

Established under Vehbi Koç Foundation and instigated with the Koç University School of Nursing in 2004, SANERC provides education and consulting services; conducts and supports researches that contribute to the development of nursing; composes study books and guide books for educational purposes and publishes the "Education and Research in Nursing Magazine," which is distributed free of charge. Accredited at an international level by the American Nurses Credentialing Center, SANERC organized 13 course programs attended by 224 people and 20 seminars attended by 470 people within the framework of Education Programs in 2013.

### *Vehbi Koç Award*

Harvard University Chair of the Department of Genetics and Complex Diseases Prof. Dr. Gökhan Hotamışlıgil was deemed worthy, for his pioneering work in the field of healthcare, of the Vehbi Koç Award, which is given by Vehbi Koç Foundation in the fields of culture, education and healthcare, every year in turn, to encourage individuals and institutions contributing to the enhancement of the quality of life.

Prof. Dr. Hotamışlıgil, who received the title of professorship from Harvard University at the age of 41, was the first Turk to receive the American Diabetes Association's Outstanding Scientific Achievement Award in 2007.

### *Koç University School of Nursing (KUHYO)*

Koç University School of Nursing was established in 1998 to offer a four-year undergraduate program. In the 2012-2013 school year, the School of Nursing graduated 22 of its 125 students. 70 of KUHYO graduates, whose total number has reached 245, either have completed or still continue their graduate studies, while 13 have completed their doctorate.

### *Koç Companies Support Health*

#### *White Fish Playrooms*

The White Fish Playrooms project, conducted by **Arçelik**, aims at building

special playrooms in the oncology services of hospitals to improve the morale and motivation of children being treated for cancer. The first playrooms were opened at Marmara University Education and Research University Pediatrics Division in 2011, and at Süreyyapaşa Hospital Pediatrics Division in 2012. In the year 2013, hospitals were visited and toys and books collected over the time were donated for two playrooms and a library.

### *Aygaz Supports Diabetic Children*

The Diabetic Children's Camp, organized by the Association of Diabetic Children and Adolescents supported by **Aygaz** for the last 9 years, brought together Turkey's diabetic children for the 21<sup>st</sup> time in Gebze. The project, realized with the participation of more than 100 diabetic children in 2013, has hosted 1,600 children to this day. The camp, which helps diabetic children have fun and form new friendships while teaching them how to live self-sufficiently, is one of the first health camps devoted to children in Turkey.

### *Aygaz "Safe Motherhood Project"*

Aygaz has been supporting the "Safe Motherhood Project" conducted by the Turkish Family Health and Planning Foundation (TAPV) since 2006. **Aygaz** has extended the scope of the project in 2013 to support the "Women's Health Education Program" in order to increase the health awareness and quality of life of families with limited income and education. Within the scope of the project 2,321 women registered



Opet Clean Toilet Campaign

for the trainings offered in 19 provinces and 1,837 women received participation certificates. In total, 4,500 women were reached since the beginning of the project.

#### *Blood Donation from Koç Information Technologies Group, Otokar and Ford Otosan*

For the 2013 Red Crescent Blood Donation Project, **Ford Otosan** employees donated 309 units, **Otokar** employees 164 units and **Koç Information Technologies Group** employees 67 units of blood. 80 Ford Otosan employees donated an organ to Gölçük State Hospital. Beside, Otokar donated a respiratory machine and a monitor to Sakarya Education and Research Hospital's recently established intensive care unit, and 300 white canes to Six Points Association for the Blind.

#### *Opet Clean Toilet Campaign*

**Opet** has continued the "Clean Toilet Campaign", started at the toilets of its stations, for 13 years without interruption. The campaign aims at popularizing toilet cleaning and hygiene throughout Turkey. In 2013, training teams visited many cities and provided cleanliness and hygiene trainings for over 7,5 million people. The project was extended overseas, to provide Clean Toilet and Hygiene Training for 4,800 teachers and students at the Turkish schools in Saudi Arabia and for 750 students and 60 teachers in Macedonia.

### **Koç Supports Education**

Assuring a sustainable economic development and an increase in the level of prosperity can be made possible through creating education opportunities that will provide young generations with the necessary equipment to forge a knowledge society. However, providing quality, accessibility and equal opportunity in education requires large amounts of financial resources. In addition to public resources, the private sector also needs to take responsibility for this important issue. Acting with this awareness, Koç Group companies are amongst the essential sponsors of many projects in the field of education. Vehbi Koç Foundation, since its establishment, has been providing young people with education grants and has been presenting exemplary models to the society with its education institutions that are considered to be centers of excellence.

#### *Education Scholarships*

Vehbi Koç Foundation supports talented youth who are economically disadvantaged with the objective of contributing to the equality of opportunity in education. Vehbi Koç Foundation, which reached out to over 45,000 students through scholarship programs to this day, has provided scholarships for 3,071 students in the 2013-2014 education term through its main headquarters.

#### *The Koç School*

The Koç School, which celebrated the 25<sup>th</sup> anniversary of its establishment in 2013, is a member of the European

Council of International Schools (ECIS) and the National Association for College Admission Counseling (NACAC). In the year 2013, The Koç School senior students were the most successful term in the school's history. Besides impressive college admission rates, students who will represent the school at prestigious universities all around the world won scholarships worth more than a million US dollars annually. 3 students out of the 169 who took the Transition to Higher Education Examination (YGS) were ranked in the first thousand.

#### *Support Seminar for Koç Elementary and Secondary Schools*

The "Hand in Hand With 17 Schools Summer Seminar", one of the most important links in the development program, which was started with the objective of promoting the continuous enhancement of education standards in 17 elementary and secondary schools established by Vehbi Koç Foundation and Koç Group and is carried out by the Koç School since 2002, was organized this year as well. About 50 Koç Elementary and Secondary School teachers and administrators coming from various provinces of Turkey attended the improvement and sharing seminars held for four days on June 25-28, 2013 and were lodged at the Koç School dormitories.

#### *20<sup>th</sup> Anniversary of Koç University*

Koç University, which celebrated the 20<sup>th</sup> anniversary of its establishment in 2013, contributes to the development of science in Turkey and in the world with its 22 undergraduate, 31 graduate and



Yapı Kredi Culture Center - RemDans/Tuğçe Tuna

16 doctorate programs. Koç University, which prioritizes an interdisciplinary, broad-based education and research approach, aims at bringing in the best faculty members at world standards to the university. Koç University was ranked 31<sup>st</sup> in the Times Higher Education Under 50 Universities ranking and the Asian Universities ranking, and 20<sup>th</sup> in the BRICS & Emerging Economies ranking.

#### *"Anatolia is Reading" Project*

Within the scope of "Anatolia is Reading" Project realized in 2011 in order to respond to the demands of books Vehbi Koç Foundation received, each year, 20-book sets chosen among 100 essential works are sent to the libraries of elementary and secondary schools.

VKV book sets were sent to 229 schools in Hakkâri in 2011 and to all secondary education institutes in Van in order to alleviate the difficulties in educational institutions after Van Earthquake. In 2013, book sets are sent to all the secondary schools and 200 elementary schools in Şırnak.

#### **Koç Companies Support Education**

##### *Koç University Anatolia Scholarships*

The Anatolia Scholarship program, a social responsibility initiative of Koç University, aims for talented and needy students to receive education at Koç University. Within the scope of this program, Group companies such as **Arçelik, Aygaz, Ford Otosan, OPET, Otokar, Otokoç, Tat, Tofaş, Tüpraş, Türk Traktör** and **Yapı Kredi** provide

education scholarships for many successful students.

##### *Creative Children's Association Teachers' Day Celebration*

Creative Children's Association has been organizing activities in various cultural and public spaces with the participation of volunteer teachers, in order to develop children's creative capacities since 2003. Bilkom has offered gifts to the teachers volunteering at the activity organized on Teachers' Day in 2013.

##### *Ford Otosan Supports Education*

In 2013, **Ford Otosan** participated in seminars at various universities while providing financial support for the universities. The financial support provided for the EMT Case Analysis Competition which was organized for the 8<sup>th</sup> time across Turkey and Northern Cyprus (TRNC), for Koç University Racing Team (KURT) and Yıldız Technical University AE2 project team are worth to be mentioned in this regard. Ford Otosan employees took part in OIB 2<sup>nd</sup> Project Market and Design Competition jury, and participated in the TOSB Conference as speakers. Ford Otosan also donated educational materials to educational institutions and universities located around its facilities during the year.

##### *Otokar Donates Books and Toys*

**Otokar** donated books and toys to students in 4 elementary schools in the Sakarya region through the "Book and Toy Money" Project.

##### *Tofaş Sponsors Education*

In 2013, Tofaş supported the "Solar Cars" project realized by Koç University students and offered R&D trainings at Uludağ University. Tofaş also offered scholarship opportunities for students of the Italian High School in 2013.

##### *Tüpraş April 23<sup>rd</sup> Children's Festival in Batman*

April 23<sup>rd</sup> Batman Children's Festival, which started out as one of the activities of the Umbrella Movement – 100 Smiling Projects developed by Batman Refinery volunteers in 2008, became an independent project in 2009. The project, which brings together Batman Governorship, Provincial and District Directorates for National Education, school managers and teachers, NGOs, Tüpraş employees and their families, aims at transforming the National Sovereignty and Children's Day into an enjoyable experience for children in Batman. Tüpraş April 23<sup>rd</sup> Batman Children's Festival has hosted 14,500 children in 6 years, with the support of 670 volunteers in total.

##### *Tüpraş Supports Educational Volunteers (TEGV)*

The "Firefly Company Sponsorship" started by Tüpraş in 2008, in collaboration with Educational Volunteers Foundation of Turkey (TEGV), continued in 2013. Children met with Firefly mobile education units in Erzincan, Samsun, Bursa, Mersin, Diyarbakır and Şanlıurfa and 130 education volunteers gave support to the process whereby 13,450 children were reached in 2013.





13<sup>th</sup> International Istanbul Biennial

### *Education Scholarships from Tüpraş*

“Anatolia Scholarship Program,” one of the social responsibility initiatives of Koç University, aims for talented and financially disadvantaged students to receive education at Koç University. 6 students from Sivas, Batman, Bursa, İzmir, Osmaniye ve Malatya continue their education at Koç University with Tüpraş scholarships. In addition, **Tüpraş** continues to support Koç University Social Sciences Scholarship Program of High Achievement. 6 doctoral students from Archeology and History of Art, International Relations and Psychology receive Tüpraş scholarship support.

### *Tat and TürkTraktör Support Anatolia Scholarship*

**Tat** and **TürkTraktör** give scholarship support to successful students within the scope of Koç University Anatolia Scholarship Program. For this Program, TürkTraktör, supports 2 successful students during their 5-year education period.

### *I Read I Play*

“I Read I Play” project, which has been realized by **Yapı Kredi** with the collaboration of TEGV since 2006, continued in 2013. The project’s mission is to help children of primary education develop reading habits, have extensive vocabulary, understand and interpret what they read and listen to. The project, which is continued in 10 Education Parks and 44 Learning Units of TEGV across Turkey, aims at reaching 131,000 children by the end of 2015.

### *Yapı Kredi-AÇEV Collaboration*

In 2013, **Yapı Kredi** Banking Academy started an education program in collaboration with AÇEV, devoted to women in Diyarbakır who could not complete their primary education. The program aims at reaching 300 women with different levels of education through programs under the four headings of basic literacy, advanced literacy and access to information, simple computer usage and financial literacy. Yapı Kredi employees will participate in the project as volunteer educators alongside professional educators.

### *Support for Art and Cultural Heritage at Koç*

In line with its belief that one of the most important factors in the development of societies is creativity, Koç Group has been supporting culture and art activities in an effort to contribute to the cultural development of the society as well as to help cultivate creative generations. Koç Group has been allocating funds from its resources in order to sustain and develop our cultural values and arts, to promote them in national and international arenas and to encourage artists. Through several projects conducted in 2013, Koç Holding, Group companies and Vehbi Koç Foundation continued raising awareness in the fields of art and culture.

### *Vehbi Koç and Ankara Research Center (VEKAM)*

VEKAM was put into service to do academic research on Ankara and to compile all kinds of information and do-

cuments about Ankara for the benefit of researchers. VEKAM started publishing peer-reviewed “Ankara Studies Journal” about Ankara and its surroundings, on the 90<sup>th</sup> year of the proclamation of the Republic and the declaration of Ankara as capital.

### *International Sevgi Gönül Byzantine Studies Symposium*

In memory of Sevgi Gönül, who did significant work to popularize scientific research about the Byzantine period in Turkey and for the society to claim Byzantine cultural heritage, Vehbi Koç Foundation and Koç University Research Center (RCAC) organized the “International Sevgi Gönül Byzantine Studies Symposium” held for the third time in June 24-27, 2013. Within the context of the symposium, “Stories from the Hidden Harbor: Shipwrecks of Yenikapı” was exhibited at Istanbul Museum of Archeology and “Arta-monoff: Picturing Byzantine Istanbul, 1930-1947” at RCAC.

### *“Traces of Ancient Ages” Exhibition in Celebration of the 25<sup>th</sup> Year of Sadberk Hanım Museum Archeology Department*

Sadberk Hanım Museum, founded for creating a living and producing culture and education center in accordance with modern museology, owns collections of Ottoman era woman’s clothing, textile and art products, Iznik pottery and archeological findings. The collection of the Archeology Department, which is celebrating the 25<sup>th</sup> anniversary of its establishment in 2013, includes almost 7,000 artifacts,



VKV ARTER Space for Art

which allow the chronological viewing of the material cultural assets of civilizations who inhabited Anatolia from the Late Neolithic Age until the end of the Byzantine era.

*The Book "Traditional Copperware, Semahat & Nusret Arsel Collection"*

Semahat and Nusret Arsel traditional copperware collection, most of which is being exhibited since 2007 at Ankara Vineyard House affiliated with Vehbi Koç and Ankara Research Center, includes 289 brass and bronze instruments made of copper and copper alloys in several workshops in Istanbul, the Balkans and Anatolia under the Ottoman reign, between the 18<sup>th</sup> and 20<sup>th</sup> centuries. The book, which was prepared in Turkish and English by Prof. Dr. Sümer Atasoy, covers 170 pieces with different functions, forms and decorations selected from this collection.

**ARTER**

7 exhibitions realized in 2013 by VKV, which owns a modern art collection of nearly 900 works, through the modern art space ARTER, established in 2010 at Beyoğlu in order to support new creations and form a platform where they can be exhibited, were visited by over 100,000 viewers during the year.

**Koç Contemporary Art Museum**

The most significant art project for the future by Vehbi Koç Foundation is the establishment of a modern art museum, which can be easily reached from central Istanbul and will be perceived both as a culture center and a "quality recreation space". The museum, which will be located in Dolapdere region at walking distance to the center of town, will be home to Vehbi Koç Foundation Modern Art Collection. The museum is planned to be opened in September 2016.

*International Istanbul Biennial*

Koç Holding has become the sponsor of International Istanbul Biennial organized by Istanbul Foundation for Culture and Arts (İKSİV) for ten years between 2007 and 2016. Through this sponsorship, Koç Holding aims to raise awareness regarding contemporary art especially among the youth, to introduce contemporary art to those who have not met it yet and to keep the interest in contemporary art alive. The 13<sup>th</sup> of the Istanbul Biennial was held under the title "Mom, am I a barbarian?" between September 14 and October 20, 2013, with the works of 88 artists and artist groups from all around the world.

The 13<sup>th</sup> International Istanbul Biennial, made available freely for everyone with the support of Koç Holding, was visited by around 350,000 people, setting a record. Within the scope of the biennial sponsorship, various projects were

implemented in order to popularize museum and exhibition culture, increase the number of visitors and extend the age range. 4,000 people benefited from the guided tours organized in exhibition spaces. The education programs intended for children and the youth, with the support of Koç Holding and the collaboration of İKSİV and PACE Kids Arts Center, enabled the creative participation of 3,000 children this year.

Istanbul Biennial has become the most attractive and well known abroad, among art activities organized in Turkey today. The contributions made to the Biennial are also made to the brand of Istanbul. Koç Holding will continue its supports for the Istanbul Biennial to thrive and endure.

*International Nasreddin Hoca Caricature Competition and Symposium*

Koç Holding has been the main sponsor of the International Nasreddin Hoca Caricature Competition organized by the Cartoonist Association since 2008, with the objective of supporting the social development of various art branches and the successful representation of our country in different areas abroad. Turkish cartoonists were awarded the big prize many times at the competition that is organized since 1974 and is open to all cartoonists around the world.





Bilkom History Comes to Life in 3D

### Support for Art from Koç Companies

#### Sevgi Gönül Theater Days

In 2013, **Aygaz** continued its support for Koç University Sevgi Gönül Theater Days, which it has been supporting since 2006. 10 plays were staged in the 12<sup>th</sup> Sevgi Gönül Theater Days.

#### Aygaz Library

The “Aygaz Library” Project, which **Aygaz** has been pursuing since 1996, was initiated in order to recapture the historical and cultural richness of our geography and convey them to future generations. Within the scope of the project, 13 works were brought into our art-culture life. In 2013, “Traces of Ancient Ages” was added to Aygaz Library which is comprised of books in diverse areas ranging from history to archeology. The book presents detailed information about the pieces included in the exhibition which was organized for the occasion of the 25<sup>th</sup> anniversary of Sadberk Hanım Museum Archeology Department.

#### April 23<sup>rd</sup> Support from Ford Otosan

**Ford Otosan** provided financial support for the organization of the April 23<sup>rd</sup> International Children's Festival and Education and Entertainment Fair held at İzmit International Exhibition Center by the Municipality of Kocaeli, on April 19-23.

#### David Guetta Concert from Opet

**Opet** was the main sponsor for the concert of French DJ and producer

David Pierre Guetta, an electronic music phenomenon, realized at Istanbul Küçükçiftlik Park on May 4<sup>th</sup>.

#### Support for Arts from Tofaş

**Tofaş** Anatolian Cars Museum, opened in 2012 by Tofaş in a restored old silk workshop in Umurbey neighborhood of Bursa, is still in service. Tofaş has also provided support for Teksem Theater Club composed of disabled actors, Antakya Civilizations Chorus, IKS V Venice Biennale Pavilion of Turkey, the concerts of Turkish Youth Philharmonic Orchestra and Meating Balat Exhibition which was a parallel event IKS V Biennial.

#### Young Musicians on World Stages

“Young Musicians on World Stages” project, started by Güher & Süher Pekinel sisters in 2010, aims at providing the talented youth, elected by a competent committee including Pekinel sisters, with an education by well-known and respected pedagogues and musicians. Since 2013, **Tüpraş** has been supporting young talents with life long scholarships and will be maintaining its support for 3 more years.

#### 17<sup>th</sup> Yapı Kredi Afife Theater Awards

Turkey's most lasting and prestigious theater award **Yapı Kredi** Afife Theater Awards was organized for the 17<sup>th</sup> time in 2013. The activity started with the announcement of the candidates to be awarded in 15 categories, and came to an end with the award ceremony, which brought together prominent names from the art and business world. Adalet

Ağaoğlu was granted the Yapı Kredi Special Award.

#### Yapı Kredi Cultural Activities, Arts and Publishing

**Yapı Kredi** Cultural Activities, Arts and Publishing published 2,179,320 books, with 252 first and 563 repeated editions in various categories, in 2013. In addition, YKY has achieved a significant success by publishing its 4,011<sup>th</sup> book and organized a total of 14 exhibitions in 2013.

#### Support for Cultural Heritage from Koç Companies

Having the pride and responsibility of living in one of the richest geographies of history and cultural heritage in the world, Koç Group companies support archeology and studies devoted to the protection of cultural heritage.

#### Support for Ancient Sagalassos City, Van Castle and Maydos Kilise Tepe Excavations

**Aygaz** has been supporting Ancient Sagalassos City Excavation and Restoration Project since 2005, Van Castle Excavations since 2010 and Maydos Kilise Tepe Excavations since 2012. The aim of the project, which reunites the ancient Sagalassos city situated at the foot of Toros Mountains is to restore the Upper Agora structures and transform it into an open air museum. When the restoration works are completed, Upper Agora will achieve urban integrity and become an authentic antic city center. Also with the support of Aygaz, the most comprehensive works within the





Yapı Kredi Çatalhöyük Excavations

context of the mound excavations at Van Castle, conducted in collaboration with the Ministry of Culture and Tourism and Istanbul University in 2013, continued in the southern parts of Van Citadel called Old Van City and the street texture of an impressive Seljukian-Ottoman city was uncovered in this area. The excavations, conducted by the Ministry of Culture and Tourism with the support of Aygaz, at Maydos Kilise Tepe Mound, situated in the middle of Eceabat district in Çanakkale province, are performed by the Çanakkale Onsekiz Mart University team.

#### *History Comes to Life in 3D*

**Bilkom** has developed a smartphone and tablet application, which opens an ancient space to three dimensional experience during the tour for the first time in the world, with its project "History Comes to Life in 3D". The first stage of the iVisit Anatolia application was actualized in Bergama.

#### *Çatalhöyük Excavations*

**Yapı Kredi** has been supporting the archeological excavations at Çatalhöyük, the first and most important archeological discovery from the Neolithic Age in Anatolia, since 1997. In the year 2013, the excavations were continued with an international team consisting of 120 archeologists from 22 countries. One of the significant discoveries unearthed during this year's excavations was a piece of very fine textured linen clothing.

#### *Tofaş Supports Archeology*

**Tofaş** has continued its support for the excavations at Küçükyaşı Archeology Park and Pamukkale Hieropolis, in 2013.

#### *Aktüel Archeology Magazine*

In 2013, **Tüpraş** has continued its publication sponsorship for Aktüel Archeology Magazine, which aims to pass on the traces of all the cultures who thrived on Anatolian territories to future generations truthfully.

#### *Anatolian Civilizations Series*

The third book in a ten-book series with the theme of Anatolian Civilization realized in collaboration with **Yapı Kredi** Cultural Activities, Arts and Publishing, "Hittites: An Anatolian Empire" has met its readers, after "Urartu: Transformation in the East" and "Phrygians: In the Land of Midas, In the Shadows of Monuments". The publication sponsorship of the book, which recounts the story of the Hittites, was assumed by **Tüpraş**.

#### *Koç Supports Sports*

Koç Group believes in the contribution of sports in both individual and social development. With this awareness, our Group supports projects that promote sports in every segment of the society, beginning with its own employees.

#### *Koç Fest*

In order to create a festival devoted to students and traditionalize it, Koç Holding and Group companies initiated the Koç Fest in 2006, and they visited 28 cities and organized 72 festivals in 8 years. With the belief that sports increase the quality of life in a society, Koç Holding has been the main sponsor of the "University Sports Games" in 2009, organized by the Turkish University Sports Federation. Since then, the most prestigious intercollege sports activity and Turkey's most broadly participated sports event was named "Koç Fest University Games" and it became an essential part of the festival. With this initiative, Koç Fest became the greatest youth festival in Turkey bringing together sports, music and entertainment. Koç Fest annually hosts over 22,000 athletes in 46 branches, coming from 185 universities, since 2009. Every year, a fragment of the succeeding teams and athletes represent Turkey in international events with the support of Koç Holding. Koç Fest visited 6 universities in 2013 and the great final was realized in Adana Çukurova University, with the participation of approximately 5,000 students.

#### *2020 Olympics Istanbul Candidate City Sponsorship*

Koç Holding was among the sponsors supporting Istanbul as a candidate city for 2020 Olympic and Paralympic Games. We believed, as a corporation, that Istanbul was the right city for 2020 Olympics and continued our works in



Koç Fest

collaboration with all Group companies to make Istanbul the Olympic Games host city. The candidate city application process emphasized the need for private sector investments in sports and athletes in Turkey, and the subject came into prominence for all Koç Group.

### Koç Companies Support Sports

#### *Aygaz Supports Sports*

**Aygaz**, with its Mogaz brand, became a sponsor of Beşiktaş Gymnastics Club Handball Team for two seasons in 2013-2014 and 2014-2015. Aygaz also supports Koç University RAMS American Football Team since 2007. The team became the champion of Turkish American Football 2<sup>nd</sup> League in the 2012-2013 season and joined the first league. Aygaz also participated in Koç Sports Fest in 2013 with 223 employees in several branches.

#### *Basketball Sponsorships from Beko*

Beko started its basketball sponsorships by naming after the Turkish Basketball League in 2006, and carried its investments to the international level in parallel with its “global brand” vision. Subsequent to its sponsorships of the German, Russian, Lithuanian and Italian leagues, it became the official supporter of FA Cup, the oldest cup in the world and the most important tournament of English football, for the 2012-2013 and 2013-2014 seasons. Beko also became the Presenting

Partner of 2014 FIBA Basketball World Cup organized in Spain. It continues its basketball investments as the Global Partner of 2014 Women's World Championship to be hosted by Turkey.

#### *Grundig–Bundesliga Official Technology Partner*

Grundig is the “Official Technology Partner” of the German Football League Bundesliga since 2011. As part of this cooperation, Grundig supports Bundesliga and Bundesliga 2 broadcasts that are followed globally.

#### *Ford Otosan Sailing Cup and Internal Soccer Tournament*

**Ford Otosan** continued its traditional support for sailing cup races in 2013. The 8<sup>th</sup> Open Ford Otosan Cup Sailing Race was organized by İzmit Sailing Club, with the sponsorship of Ford Otosan. A total of 40 sailors from 8 sailing clubs in Kocaeli region participated in the event. Ford Otosan ensured the participation of the Seaming Silents Team, consisting of disabled employees, in Ford Otosan Internal Soccer Tournament, organized for the 15<sup>th</sup> time in 2013, with the aim of raising awareness about disabled sports.

#### *Koç Information Technologies Group Joins Marathons*

Koç IT Group participated in two different marathons in 2013. 35<sup>th</sup> International Vodafone Marathon was participated by 31 and Runtalya Marathon by 12 **Koç IT Group** employees.

#### *Otokar Supports Handicap Free Life*

The Enabled Sports Festival was organized at Sakarya Atatürk Gymnasium on May 14<sup>th</sup>, with **Otokar** as its main sponsor. About 2,000 disabled children and youth, studying at special disabled education centers in Sakarya, Bolu, Düzce and Kocaeli, participated the activity in various sport branches. Otokar also undertook, through AYDER, the participant accommodation and transportation sponsorship for the Turkish Swimming Championship of the Enabled Academy Sports Club.

#### *Fiatball*

Fiatball tournament was realized with the participation of 150 athletes from teams of **Tofaş** Basketball Schools and Basketball Volunteers Project. During the tournament, children developed life skills such as teamwork and communication while experiencing the tournament excitement.

#### *Tofaş Supports Disabled Athletes*

Bursa Sports Club for the Visually Impaired was provided with sports material support and Galatasaray Unstoppable Lions Wheelchair Basketball Team was given one Ducato to be used for the transportation of the disabled.

#### *Tüpraş Supports Batman Sports Club*

In 2013, **Tüpraş** continued its support it gives since 1995 for Batman Tüpraş Sports Club and its support it gives since 2007 for Batman Disabled Sports Club Association. At Tüpraşspor

Football Club, which provides only infrastructure services, 80 young people between the age of 8-19 had the opportunity to do sports as of 2013.

#### *Yapı Kredi Supports Turkish Sports*

In 2012, **Yapı Kredi** became the Official Bank of UEFA Champions League in Turkey, which continued in 2013. Also, for the occasion of Koç Holding's sponsorship for Istanbul's candidacy at 2020 Olympics, Yapı Kredi was among the institutions that supported Turkey's candidacy in the best possible way.

#### **Activities Held Within the Scope of the Global Compact**

Serving as a board member of the United Nations Global Compact Turkey Local Network, Koç Holding continued its support for studies aiming at the dissemination and institutionalization of the Global Compact in our country in the year 2013. Koç Holding, which shares its best practice examples at international conferences, participated with a presentation in the panel Women's Empowerment and the Post-2015 Development Agenda: Achieving Equality in the Workplace, Marketplace and Community organized jointly by the UN Global Compact, UN Women, International Finance Corporation (IFC) and International Trade Centre (ITC) as part of 2013 Leaders' Summit in New York, on September 18-20.



## GRI Index

Profile Disclosures	Reference	Page	Notes	Response Level
1.1	Message From the Chairman Message From the CEO	2 3		Full
1.2	Message From the CEO Sustainability Management at Koç Climate Change and Emission Management	3 7 26-27		Full
2.1	Contact	Inside back cover		Full
2.2	Koç Group in 2013	4	<a href="http://www.koc.com.tr/en-us/activity-fields/sectors">http://www.koc.com.tr/en-us/activity-fields/sectors</a> <a href="http://www.koc.com.tr/en-us/activity-fields/list-of-brands">http://www.koc.com.tr/en-us/activity-fields/list-of-brands</a>	Full
2.3	Koç Group in 2013  Governance at Koç	4-5  6-7	<a href="http://www.koc.com.tr/en-us/activity-fields/list-of-koc-group-companies">http://www.koc.com.tr/en-us/activity-fields/list-of-koc-group-companies</a>	Full
2.4	Contact	Inside back cover		Full
2.5	Koç Group in 2013	4-5	<a href="http://www.koc.com.tr/en-us/activity-fields/international-network-of-koc-group">http://www.koc.com.tr/en-us/activity-fields/international-network-of-koc-group</a>	Full
2.6	-	-	<a href="http://www.koc.com.tr/en-us/investor-relations/corporate-overview-and-governance/shareholder-structure">http://www.koc.com.tr/en-us/investor-relations/corporate-overview-and-governance/shareholder-structure</a>	Full
2.7	Koç Group in 2013	4-5	<a href="http://www.koc.com.tr/en-us/activity-fields/international-network-of-koc-group">http://www.koc.com.tr/en-us/activity-fields/international-network-of-koc-group</a> <a href="http://www.koc.com.tr/en-us/investor-relations/corporate-overview-and-governance">http://www.koc.com.tr/en-us/investor-relations/corporate-overview-and-governance</a>	Full
2.8	Koç Group in 2013	4-5		Full
2.9	-	-	<a href="http://www.koc.com.tr/en-us/investor-relations/material-disclosures">http://www.koc.com.tr/en-us/investor-relations/material-disclosures</a>	Full
2.10	Koç Group in 2013 2013 Environmental Awards Vocational Education: A Crucial Matter for the Nation	4-5 34 41		Full
3.1	About the Report	1		Full
3.2	About the Report	1		Full
3.3	About the Report	1		Full
3.4	Contact	Inside back cover		Full
3.5	About the Report Sustainability Management at Koç Sustainability Performance Management Our Stakeholders	1 7 8 9-10	Koç Holding A.Ş. when considered solely as a conglomerate, has no significant impact in terms of GRI performance indicators compared to its subsidiaries. So in this reporting engagement we intend to demonstrate the impact that Koç Group creates including its subsidiaries. We include our subsidiaries' performances to our reporting engagements. Beside the 10 principles of UNGC, Koç Holding Sustainability Performance Evaluation and Reporting System creates the basis of reporting content which is found on material sustainability issues for totality of Koç Group. During the process of establishing the System, material issues for Koç Group were determined by Koç Holding employees in consultation with subsidiaries' experts and external expertise; reconsidered and revised if necessary in the beginning of every reporting engagement. Koç Group materiality is created with respect to form a Group level consolidated materiality coverage, in the most comprehensive way possible. Sector specific issues are disclosed subsidiaries' own reporting engagements. Koç Holding publishes CSR reports in order to communicate with its key stakeholders who are	Full

Profile Disclosures	Reference	Page	Notes	Response Level
			identified within the strategic communication planning processes. To this end, as intended audience for CSR reporting practice, Koç Holding targets all person and entities identified as key stakeholder groups namely employees, customers, shareholders, investors, professional organizations, civil society organizations.	
3.6	About the Report	1		Full
3.7	About the Report	1		Full
3.8	About the Report	1		Full
3.9	Sustainability Management at Koç	7	In performance measurement, Koç Holding and Group companies use reliable and standardized system and information technology infrastructure. All the measurement parameters used in this report were provided by methodologies accepted in field and methods set by GRI performance indicators were abided.	Full
3.10	About the Report Sustainability Management at Koç	1 6-8		Full
3.11	About the Report	1		Full
3.12	GRI Index	56-60		Full
3.13	Disclaimer	Inside back cover		Full
4.1	Governance at Koç	6-8		Full
4.2	Governance at Koç	6-8		Full
4.3	Governance at Koç	6-8		Full
4.4	Governance at Koç Occupational Health and Safety at Koç Employee Engagement Survey Suggestion Systems	6-8, 9-10 13-14 19 19		Full
4.5	Governance at Koç Koç Group Compensation System	6-8 18-19		Full
4.6	Koç Holding Annual Report 2013	127, 213		Full
4.7	Governance at Koç Koç Holding Annual Report 2013	6-8 126-129		Full
4.8	Governance at Koç	6-9	<a href="http://www.koc.com.tr/en-us/about/vision-and-values">http://www.koc.com.tr/en-us/about/vision-and-values</a>	Full
4.9	Governance at Koç Koç Holding Annual Report 2013	6-7 126-129		Full
4.10	Governance at Koç Koç Group Compensation System	6-7 18-19		Full
4.11	The Global Compact Governance at Koç Climate Change and Emission Management Koç Holding Annual Report 2013	Inside Front Cover 6-7 26-27 132-133		Full
4.12	The Global Compact Sustainability Management at Koç Climate Change and Emission Management	Inside Front Cover 6-8 26-27		Full
4.13	Our Stakeholders	9-11		Full
4.14	Our Stakeholders	9-11	Koç Holding identifies employees, customers, shareholders, investors, professional organizations, civil society organizations as key stakeholder groups.	Full
4.15	Our Stakeholders	9-11		Full
4.16	Our Stakeholders	9-11		Full
4.17	Our Stakeholders	9-11		Full

## Disclosures on Management Approach

Profile Disclosures Reference	Page	Notes	Response Level
DMA EC		Environmental Trainings (p.5); Governance at Koç (p.6-9); Work Environment (p.16); KoçAkademi and Training in Group Companies (p.17); Koç Group Compensation System (p.18); Koç Holding Retirement Pension Foundation (p.20); Environmental Management (p.24-26); Climate Change and Emission Management (p.26-27); Environmentally-Friendly Products at Koç (p.32-33); Vehbi Koç Foundation (p.46); Koç Provides Support for Health (p.48-49); Koç Supports Education (p.51-53); MLMM (p.38-40); Koç Holding Annual Report 2013 (p.14, 161, 187)	Full
DMA EN		Governance at Koç (p.6-8); Management of Environmental Issues (p.8); Environmentally Friendly Practices at Koç (p.24); Environmental Management (p.24-26); Climate change and Emission Management (p.26-27); Koç Group Recycling Project (p.30); Efficiency at Koç (p.28-30); Biodiversity And Environmental Development Projects (p.30-31); Environmentally-Friendly Products at Koç (p.32-33)	Full
DMA LA		Sustainability Management at Koç (p.6-8); Management of Social and Economic Issues (p.8); Human Rights at Koç (p.12-13); Occupational Health and Safety at Koç (p.13-14); Labor Union Rights at Koç (p.14-15); Minimum Notice Periods (p.17); Work Environment at Koç (p.16-17); KoçAkademi and Trainings in Group Companies (p.17-18); Koç Group Compensation System (p.18-19); Leader Development Programs (p.19); Koç Holding Retirement Pension Foundation (p.20)	Full
DMA HR		Sustainability Management at Koç (p.6-8); Management of Social and Economic Issues (p.8); Human Rights at Koç (p.12-13); Labor Union Rights at Koç (p.14-15); Work Environment at Koç (p.16-17); Operational Entry And Decommissioning Practices (p.32); Business Ethics in the Supply Chain (p.37)	Full
DMA SO		Governance at Koç (p.6-8); Sustainability Management at Koç (p.7); Operational Entry And Decommissioning Practices (p.32); Ethical Values at Koç (p.36-37) <a href="http://www.koc.com.tr/en-us/about/vision-and-values">http://www.koc.com.tr/en-us/about/vision-and-values</a> <a href="http://www.koc.com.tr/en-us/investor-relations/corporate-overview-and-governance/strategic-principles">http://www.koc.com.tr/en-us/investor-relations/corporate-overview-and-governance/strategic-principles</a> <a href="http://www.koc.com.tr/en-us/investor-relations/corporate-overview-and-governance/strategic-principles/main-competitive-advantages">http://www.koc.com.tr/en-us/investor-relations/corporate-overview-and-governance/strategic-principles/main-competitive-advantages</a>	Full
DMA PR		Governance at Koç (p.6-8); Sustainability Management at Koç (p.7); Our Stakeholders (p.9-11); Ethical Values at Koç (p.36-37); Responsible Advertising and Marketing (p.37); Product Information (p.37); <a href="http://www.koc.com.tr/en-us/about/vision-and-values">http://www.koc.com.tr/en-us/about/vision-and-values</a>	Full



## Performance Disclosures

Performance Disclosures	Reference	Page	Notes	Response Level
EC1	Koç Group in 2013 Koç Holding Annual Report 2013	4-5 14		Partial
EC2	Climate Change and Emission Management	26-27		Partial
EC3	Koç Holding Retirement Pension Foundation	20		Partial
EC4	Koç Holding Annual Report 2013	14, 161, 181, 183, 187, 191		Full
EC5	Koç Group Compensation System	18-19		Full
EC7	Work Environment at Koç	16		Partial
EC8	Social Development at Koç	44-55		Full
EC9	Intern Student Breakdown for 2013 KoçAkademi and Trainings in Group Companies Environmentally Friendly Products at Koç Environmental Trainings in 2013 Vocational Education: A Crucial Matter for the Nation	16 17-18 32-33 26 38-43		Partial
EN2	Efficiency at Koç	28-30		Partial
EN5	Message From the CEO Efficiency at Koç	3 28-30		Full
EN6	Environmentally Friendly Products at Koç	32-33		Full
EN8	Efficiency at Koç	29		Full
EN10	Efficiency at Koç	29		Full
EN11	Biodiversity and Environmental Development Projects	30-31		Full
EN13	Biodiversity and Environmental Development Projects	30-31		Full
EN14	Biodiversity and Environmental Development Projects	30-31		Partial
EN18	Climate Change and Emission Management	26-27		Full
EN20	Protecting the Quality of the Air	28		Partial
EN21	Waste Water Disposal	29		Full
EN22	Efficiency at Koç	29	Disposal methods are determined depending on waste management regulations, directives and implemented environmental management standards of government agencies and the category and type of waste.	Partial
	Koç Group Recycling Project	30		
EN26	Environmentally Friendly Products at Koç	32-33		Full
EN30	Environmental Management	26		Full
LA1	Work Environment at Koç	16	Koç Holding activities and projects carried out only in Turkey no regional breakdown is cited.	Full
LA4	Labor Union Rights at Koç	14-15		Full

Performance Disclosures	Reference	Page	Notes	Response Level
LA5	Minimum Notice Periods	17		Full
LA6	Occupational Health and Safety at Koç	13-14		Full
LA8	Occupational Health and Safety at Koç	13-14		Full
LA9	Occupational Health and Safety at Koç	13-14		Partial
LA10	KoçAkademi and Trainings in Group Companies	17-18		Partial
LA11	KoçAkademi and Trainings in Group Companies	17-18		Full
	Minimum Notice Periods	17		
	Leader Development Programs	19		
	Koç Holding Retirement Pension Foundation	20		
LA12	Koç Group Compensation System	18		Full
LA14	Koç Group Compensation System	18	Any personal property of employees can not be the reason of different treatment, like all processes of Koç Group companies, in remuneration process. For this reason, as long as they perform the same job, all Group employees are paid equal wages. Equality of women and men wages may vary only in seniority status, overtime, performance bonus and similar payment cases.	Full
HR2	Business Ethics in Supply Chain	37	No human rights case in supply chain has been recorded during the reporting period.	Full
HR4	-	-	No discrimination case has been recorded during the reporting period.	Full
HR5	Labor Union Rights at Koç	14-15		Full
HR6	Human Rights at Koç	12-13		Full
HR7	Human Rights at Koç	12-13		Full
S01	Operational Entry And Decommissioning Practices	32		Partial
	Vocational Education: A Crucial Matter for the Nation Project	38-43		
	Social Development at Koç	44		
S02	Ethical Values at Koç	36-37		Partial
S03	Ethical Values at Koç	36-37		Partial
S04	Ethical Values at Koç	36-37		Full
S06	Ethical Values at Koç	36-37	Relevant contribution to political parties, politicians and related institutions is zero.	Full
PR3	Ethical Values at Koç	37		Full
PR5	Our Stakeholders	9-11		Full
PR6	Responsible Advertising and Marketing	37		Full

## Disclaimer

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

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

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

All information contained in this Report and associated documents were believed to be accurate for the time period it covers, expressed in good

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