

IF NOT US, THEN



Koç Group
Sustainability Report 2014



CONTENT

- 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 Gıda, Tofaş, TürkTraktör, Tüpraş and Yapı Kredi
- Joint projects conducted by NGOs supported by the Group, The Vehbi Koç Foundation and affiliated institutions

www.koc.com.tr

For more detailed information regarding our operations as well as any updates and news beginning 1 January 2015, 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 Koç Group Sustainability Report on the corporate website.

gc@koc.com.tr

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

Table of Contents:

- 1 About the Report
- 2 Message From the Chairman
- 3 Message From the CEO
- 4 Koç Group in 2014
- 6 Sustainability Vision
Shaping the Future
- 12 Responsible Management
- 16 Inspiring Talents
- 26 Innovating for the Environment
- 36 Innovation and Product Strategy
- 40 Empowering the Value Chain
- 46 Bridging the Past and the Future:
Nakkaştepe Campus
- 48 Embracing the Community
- 64 GRI Content Index

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.

The 10 Principles of the Global Compact

Human Rights [P.16-25 / P.44-45](#)

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses

Labor Standards [P.16-25 / P.44-45](#)

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labor;

Principle 5: The effective abolition of child labor; and

Principle 6: The elimination of discrimination in respect of employment and occupation

Environment [P.26-35 / P.36-39](#)

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally-friendly technologies

Anti-Corruption [P.12-15](#)

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



About the Report

Koç Group has been a leading organization in the Turkish business world for 89 years, and a pioneer that has paved the way to many firsts. In addition to being the very first joint-stock company and holding company established in Turkey, Koç Holding and Koç Group companies have laid the cornerstones for the Turkish industrial development not only with the products and services they have provided but also through the principles and values they have set.

Focused on guiding the future with the power it derived from its values settled in the business culture and its vision stemming from a well-established heritage, Koç Group has always been well-respected by its stakeholders and has been considered as exemplary. The success we have come to enjoy also entrusts us with a great responsibility towards our stakeholders. We define this responsibility as serving to enhance the quality of life for the future generations in terms of the social, economic and environmental properties of the ecosystem we have created, adopting a transparent and accountable approach towards our stakeholders regarding our operations and setting an exemplary stand not only by what we do but also the way we do business. In that respect we have further developed our sustainability report and the practices that form the basis for these publications, which we have been continuously developing since 2008, by implementing numerous new and progressive measures.

The most significant change we have undertaken this year regarding our reporting activities has been in the standards we comply with. Our reporting activities, which previously complied with GRI G3 Standard B level guidelines, are now in accordance with the GRI G4 Reporting Guidelines "Core" option. In that respect we have revised our current systems so that we could adhere to the GRI G4 guidelines in identifying the scope and boundary of the report, determining the report content, calculating the performance indicators and establishing the statements regarding our practices.

The report covers the operations of and projects conducted by Koç Holding in Turkey from 1 January 2014 until 31 December 2014. Due to the company structure, however, the most significant part of the social, environmental and economic impact generated by Koç Holding operations stem from the operations of the affiliates that actually exist outside the company organization. That is why the report covers the practice and performance data of certain group companies including **Arçelik, Aygaz, Ford Otosan, Koç IT Group¹, Opet, Otokar, Otokoç Otomotiv, Tat Gıda, Tofaş, Tüpraş, TürkTraktör** and **Yapı Kredi** as well as projects undertaken with the support of Koç Holding, the Group Companies and Vehbi Koç Foundation (VKV). Unless otherwise stated and except for the sections explaining the Koç Holding profile besides the policy, system and practices implemented throughout the Group, the statements made regarding sustainability indicators cover those aforementioned companies or the consolidated information of the sector groups composed of those aforementioned companies. The scope we have established in that way reflects 87% of our Group employees and 94% of the combined turnover of the Group. Meanwhile endeavors of Vehbi Koç Foundation are also covered in the social investment areas mentioned in the report as well as the data related to external stakeholders of the Group companies such as dealers and suppliers regarding certain prioritized areas.

In an effort to enable the readers to compare the performance data shared throughout the report, the data from previous periods are also quoted. However, certain performance indicators are being disclosed for the very first time this year and comparative figures for such indicators are not included in the report. We aim to implement the same annual plan and to use the same reporting standard in the reporting periods ahead.

¹Koç Information Technologies Group does not represent a legal entity, but a common name for, Koç Group IT Companies, namely KoçSistem, Bilkom, Koç Information and Defense 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,

Two aspects that we highlight as Koç Group at every opportunity forms the foundation of our sustainability philosophy. The first aspect is our developmental perspective, defined by our founder Vehbi Koç's statement "I live and prosper with my country", while the second is our awareness towards the responsibility of managing our broad sphere of influence meticulously and diligently. As a matter of fact, what we actually seek to achieve with our sustainability activities is to blend this philosophy with current priorities and values in an effort to mainstream this awareness across all the people and organizations.

In line with our firm belief in this philosophy, we signed UN Global Compact in 2006. Back then whether private sector should take on such an important role in issues apart from the economic sphere was a controversial subject that was gradually making its way onto the global agenda. Certain organizations that could be defined as pioneers owned up to their responsibilities in that sense while the remaining majority had significant doubts about stepping into this area. However, the global opportunities and global threats emerged in the following period showed how much business world needs to take part in social and environmental aspects of development, in fact even showed the importance of integrating this very philosophy into the way of conducting business.

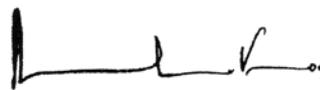
Today, I see with great pleasure that both governments and the private sector are ready to share responsibility for this

issue. I consider it a significant progress that after the Millennium Development Goals were identified, United Nations determined the new goals as Sustainable Development Goals; and that the private sector has become one of the active players in this process.

Today all of our operations defined within the scope of our sustainability agenda are shaped in the light of private sector's this key role. In an effort to strengthen our capacity further and embrace the spirit of time, we launched Koç Group Sustainability Management Project with the participation of the Group Companies during the reporting period. Also taking global and local expectations into account, we will identify the areas that will determine the sustainability performance in the periods ahead and will develop our management strategies regarding these areas through this project. We are aiming to ensure that the sustainability management practices that have gained momentum during the reporting period will contribute to improving performance in an increasing fashion.

In 2014 we launched a significant initiative in the field of social development, which we have always placed special emphasis on since the day we were established, and which we now regard as one of the most important components of sustainability. In line with an agreement we signed with the United Nations Entity for Gender Equality (UN Women), we became supporter of the HeforShe a global solidarity movement for gender equality. Having committed ourselves to being one of the 10x10x10 global impact leaders of this solidarity movement, we have also set gender equality as the new theme focus of our "For My Country" Project. I look forward to sharing our achievements with our companies, employees and dealer network in 2015. I believe that a society without women is a society without a future, and that upholding equality in social roles is a must for achieving social and economic growth.

I wish the gains we seek through these initiatives will have a broad reach and inspire many, and I would like to thank in advance all our stakeholders - especially our employees, investors, suppliers and business partners - for supporting us in this path.



Mustafa V. Koç
Chairman

MESSAGE FROM THE CEO

Dear Stakeholders,

We as Koç Group seek to improve the quality of life in the society not only through the products and services we offer but also through the sustainability approach we adopt. We are working to activate the sustainability management model that shapes the future and is formed according to a holistic understanding across the entire Group. For that purpose during the reporting period we continued our sustainability management activities and completed the first stage of the Koç Group Sustainability Management Project, which is reviewed with a risk and opportunity-based approach. Within the scope of the project, first we revised our sustainability priorities in an effort to best address the stakeholder expectations today and in the future. Then we identified the aspects we need to improve by looking into the management principles our group companies follow. In the periods ahead, we plan to carry out activities that will increase our performance in the development issues we identified.

Furthermore, we are aiming at spreading the 360° impact analysis perspective that extends from the environment to social development, and which we regard as the most important contribution of our sustainability efforts, across our Group and our value chain. As a result, while we will take our Group performance to the highest level, we will also ensure that the big picture, which we must never forget that we are a part of, reflects on the sensitivities in our daily life.

Climate change is one of the issues that stands out in our project, and is included in the Koç Group Companies agenda as a fundamental priority. Approaching the issue from a multi-dimensional perspective, we form our projections for the future by taking risks and opportunities into account. Our activities in this area make a positive contribution to our operational efficiency and commercial success while facilitating our capability to comply with the potential legal regulations that might be introduced in the future. In 2014 our Group Companies succeeded to reduce their energy requirements by 2 million GJ and cut down on their emissions by 149.9 thousand tons of CO₂e in total thanks to the energy efficiency measures they have taken. The fact that **Arçelik** and **Tofaş** were listed among the best performing companies on an international scale within the scope of the Carbon Disclosure Project (CDP) was also an outstanding success we came to enjoy during the reporting period.

Our companies continued their water consumption activities during the period too. Thanks to reusing and recycling applications, 26.7 million m³ of fresh water consumed in 2014 by our Group Companies actually met the need for 4 times this quantity, while the rate of recycled water use for consumption reached 75.7%.

As a result of employee development practices undertaken during the year, we provided around 2 million person*hours of training and planned 125,560 development actions for our 26,681



employees. These studies were conducted according to an approach highlighting equal opportunities and diversity. Moreover, we launched new initiatives focused on gender equality in 2014.

Sustainability management expanding throughout the entire value chain is a rising trend. While stakeholder expectations also focus on this area, Koç Group Companies launch practices introducing their suppliers, dealers and business partners to sustainability management; they organize trainings that help them enhance their performances besides audits tracking their progress. As a result of these practices, not only sustainability risks are managed efficiently throughout the value chain but value-added generation increases as well.

Achievements I mentioned here as a source of pride, also indicate the extent of responsibility I have taken over. My goal is to be able to hand this responsibility over, with the same level of success and pride, to the generations that will come after us. Taking this opportunity, I would like to thank all of our stakeholders, especially our employees, shareholders, suppliers, dealers, and business partners that have played a great part in Koç Group's success so far, and hope that we will go further together.

Levent Çakıroğlu
CEO

KOÇ GROUP IN 2014

KOÇ GROUP, THE LARGEST INDUSTRY AND SERVICES CONGLOMERATE OF TURKEY, CARRIED IT'S PROGRESS IN 2014. ACCORDING TO İSTANBUL CHAMBER OF INDUSTRY'S TURKEY'S TOP 500 INDUSTRIAL ENTERPRISES 2013 LISTING, FIVE OF THE TOP TEN COMPANIES ARE KOÇ GROUP COMPANIES.

Energy

Major Companies

Tüpraş*
Aygaz*
Opet
THY Opet
Opet Fuchs
Entek
Aygaz Doğal Gaz
Akpa
Demir Export

International Alliances

AES Corporation

Automotive

Major Companies

Ford Otosan*
Tofaş*
TürkTraktör*
Otokar*
Otokoç Otomotiv

International Alliances

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

Consumer Durables

Major Companies

Arçelik*
Arçelik-LG Klima

International Alliances

LG Electronics

Finance

Major Companies

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

International Alliances

UniCredit

Other

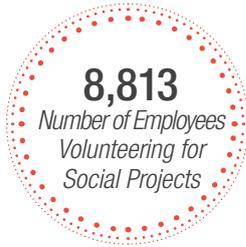
Major Companies

Tat Gıda*
Düzey
Koçtaş
Setur
Setur Marinaları
Mares*
Divan
KoçSistem
Bilkom
RMK Marine
İnventram
Koç Bilgi ve Savunma Teknolojileri
Setair
Ram Dış Ticaret
Tanı
Zer Merkezi Hizmetler

International Alliances

B&Q
Kagome
Sumitomo

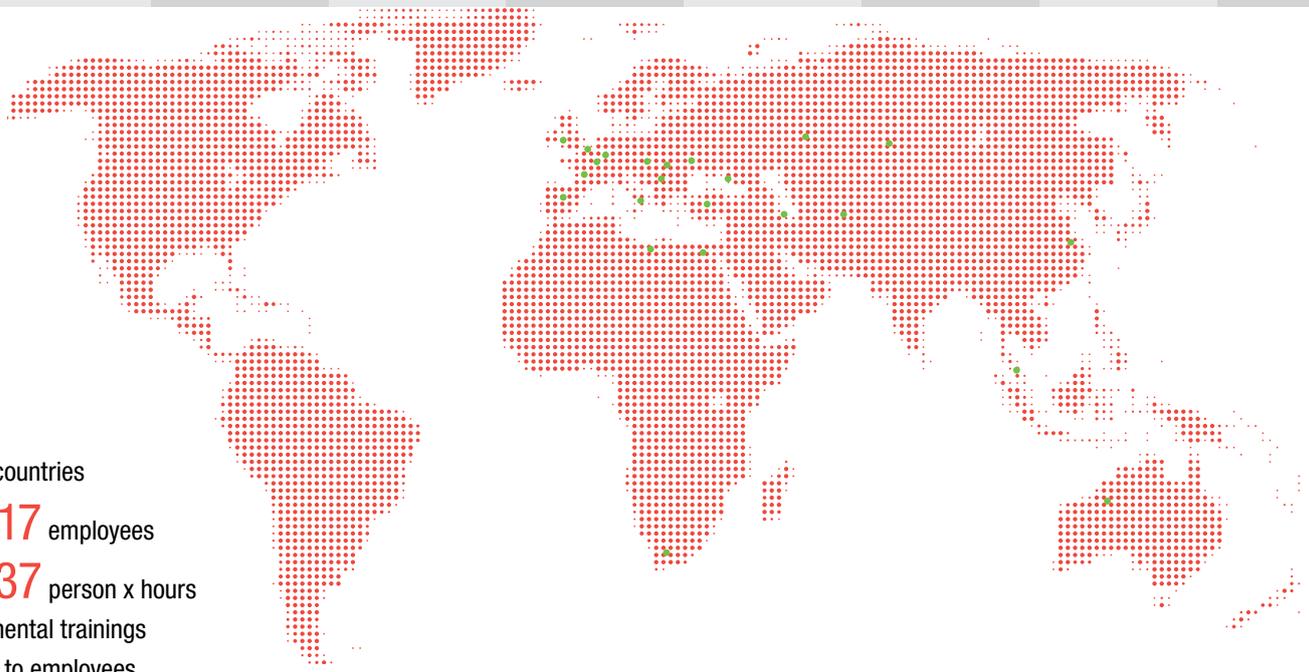
* Listed companies



9% OF
TURKEY'S TOTAL EXPORT

Koç Group has generated a combined financial revenue equivalent to

8%
OF TURKEY'S NATIONAL INCOME



In **23** countries
85,517 employees
24,737 person x hours
 environmental trainings
 provided to employees

World's **341st** Largest Company According to Fortune Global 500 List

Koç Holding remained as the only Turkish company in Fortune Global 500 List during 2014.

Koç Holding is the only Turkish company listed in Fortune Magazine's 2014 **"World's Most Admired Companies"** List.

Koç Holding was entitled as **"Turkey's Most Admired Company"** in Fortune Turkey's List.

Koç Holding was listed as top ranking Turkish company according to the European Commission's R&D Investment Scoreboard" in 2014. Of the **five** other Turkish companies on the same list, **two** are Koç Group companies.

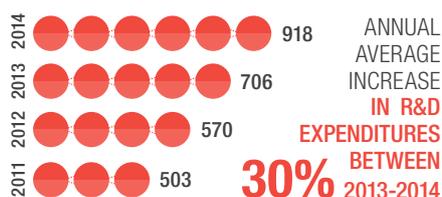
Koç Holding is one of only four Turkish companies on the **Boston Consulting Group's (BCG) "2014 BCG 100: Rising Stars"** list.

Four of the top ten companies in the Turkish Exporters' Assembly's ranking of the **"Top 1,000 Exporters of Turkey"** in 2013 are Koç Group companies.

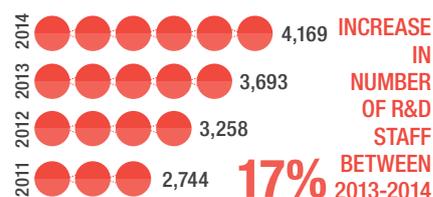
Koç Holding's **"Vocational Education-A Crucial Matter for the Nation"** project was honored with the **Grand Prize** of the Turkish Confederation of Employers' Unions (TİSK) at their 2014 Corporate Social Responsibility Awards.

Values (Million TL)	31 December 2013	31 December 2014	Change %
Consolidated Revenues	66,182	68,622	4
Operating Profit	3,727	3,239	-13
Profit Before Tax	3,055	3,778	4
Net Income	4,000	4,214	5
Equity Holders on the Parent	2,680	2,710	1
Total Assets	58,790	63,941	9
Total Equity	26,191	29,301	12
Shareholders' Equity	18,035	20,348	13

KOÇ GROUP COMPANIES TOTAL R&D EXPENDITURE (MILLION TL)



TOTAL NUMBER OF R&D STAFF IN KOÇ GROUP COMPANIES



Percentage of Recycled Water in Total Water Usage



2.00

MILLION GJ

Total Energy Saved



149.9

THOUSAND TONS

Total GHG Emissions Reduced

“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

SUSTAINABILITY VISION SHAPING THE FUTURE

With a history dating back to 1926, Koç Holding has been a pioneering organization for the Turkish economy with the many firsts it has achieved. In addition to being the founder of the first corporation, the first holding company, the first direct foreign investment partnership, and the first Turkish corporate foundation in Turkey, Koç Holding has also succeeded to be the first Turkish company to make the Fortune Global 500 list. Besides the pioneering approaches implemented for corporate development, Koç Holding has also undertaken a number of visionary investments from producing Turkey's first electrical home appliances and local car manufacture to making the first LPG distribution service available, and has introduced Turkey to modern production and product technologies in a country that was trying to build its industry and economy from the ground up following the founding of the Turkish Republic. Utilizing the strength it derives from the society to launch new initiatives, Koç Group has turned into Turkey's largest industry and services corporation, largest private sector employer and biggest taxpayer.

We have inherited from our founder Vehbi Koç an organization with a past of great achievements, and a huge legacy guiding us to be honest and fair under all conditions, to lead innovation, to establish a corporate identity and ensure its continuity, to prioritize

our human resources and customers, and to generate value for the society. Now called sustainability management thanks to the management approaches that have developed over time, those principles have identified with the values of Koç Holding and spread across its organizations and penetrated into Koç Holding's each and every component eventually forming an integral aspect of Koç Holding.

KOÇ HOLDING SUSTAINABILITY STRATEGY

Signed in 2006, the UN Global Compact lies as the fundamental reference for the sustainability management activities carried out by Koç Group in line with its vision and values besides the Group's corporate governance, business ethics and social responsibility culture. Responding to the call made by the UN Secretary-General on the corporations with the desire and the determination to turn the world into a better place and to ensure that the future generations are happier than the people today, Koç Holding has once again been a pioneer in demonstrating a responsible approach. Koç Holding's participation and the leading practices it has introduced in line with its responsible management culture and sustainable approach including especially reporting activities have proved in turn to be among the significant

factors leading corporate sustainability to claim a larger part on the Turkish business world agenda.

In addition to our corporate citizenship practices, and the activities aligned with the 10 Principles of UN Global Compact that we have spread across Koç Group sphere of influence, we have also started developing sustainability management features over the years. We developed many exemplary management instruments and practices in this area. Aiming at creating a model to broaden our horizons further by already capturing the new requirements that the changing world will impose in the future, we launched the Koç Group Sustainability Management Project in 2014 with the encouragement of the Koç Holding senior management and the support of Group companies. Within the scope of the project, we identified our responsibilities to establish a more qualified standard of life for new generations. Moreover, while fulfilling these responsibilities we also discussed what we needed to do to ensure the existence and development of Koç Group in that new socio-economic environment to come. In this regard, we determined 4 approaches to implement:



GRI G4 Guidelines are Now in Turkish

Two of the most important barriers to adopting and implementing the innovations throughout the world are capacity and language problems. Although it is no longer a problem for large-scale companies, they still pose a problem for small and medium scale enterprises.

Having always supported the adoption of global governance approaches it has promoted to be spread across the Turkish business world, Koç Holding takes related initiatives for that purpose today too. A case in point is the fact that Koç Holding has taken on the Turkish Project Leader position within the scope of the project to issue the GRI G4 Reporting Guidelines in local languages. In line with the agreement reached between GRI and Koç Holding, Koç Holding has established an evaluation board composed of experts on sustainability from a number of companies so that the entire GRI G4 Guidelines could be reviewed and published in Turkish. The Guidelines published in Turkish are now available for the use of organizations willing to adopt the GRI G4 Framework.

KOÇ GROUP SUSTAINABILITY MANAGEMENT

Koç Group sustainability management approach is composed of all the activities carried out by Koç Holding and Group companies. The fundamental policies and strategies regarding the main sustainability issues are established with the participation of the related Koç Holding bodies and Group companies while the policies, strategic trends and goals regarding the sectoral aspects of these areas are set by the Group companies. Koç Holding and Group companies establish organizations responsible for dealing with these areas while the improvements achieved in relation to these goals are monitored through performance evaluation systems.

Since 2010 sustainability performance indicators have been monitored via the Koç Group Sustainability Performance Evaluation and Reporting System. Structured in line with the performance indicators set by the Global Reporting Initiative (GRI) G4 Sustainability Reporting practices besides the indicators designed specially to monitor the sustainability performance of the Koç Holding and Group companies, the system is improved annually according to the feedback received and the experience gained. In an effort to ensure the efficient use of the system in terms of content and



Aygaz Gebze Facility

IT infrastructure, the required information documents are delivered to the Group employees at the beginning of every reporting period in addition to organizing workshops to review with the employees about the general properties of the system as well as informing them on the new properties introduced. During the data collection processes focused on performance evaluation, Group employees enjoy direct access to specialist support, which improves the data reliability further.

In 2014 the indicators observed via the Koç Group Sustainability Performance Management Evaluation and Reporting System were revised within the scope of the sustainability strategy updated by the Koç Group Sustainability Management Project. Furthermore, the system was updated to comply with the GRI G4 guidelines, the most up-to-date reporting guidelines issued by the GRI.

Due to the organizational structure of being a holding company, a large portion of the operational activities are carried out by the individual companies in the Group, and the primary role of the Koç Holding senior management, and the Board of Directors in particular, regarding those sustainability practices is to guide the activities that will be carried out in line with the strategic tendencies, and to monitor

and check the compliance of the activities with the targeted performance results. In that respect besides all other operational areas, the Board of Directors is informed on the practices and performance about sustainability through weekly reports, analyses and evaluations, annual Investor Relations Management Board Reports and Sustainability Reports. Additionally, the findings reached by the Committees and the Working Groups are submitted to senior management through regular reports and presentations. Moreover, the predictions, demands and information stemming from the meetings held with the people and organizations located in the target stakeholder groups are also conveyed to the senior management so that the decision-making processes are supported through multi-dimensional information. Based on the performance results obtained and the decision process supported by the stakeholder views, Koç Holding Board of Directors identifies the strategic steps to be taken by the Group in the future, and to ensure that those steps are implemented by the senior management while also following the related process.

Koç Group Sustainability Priorities

Prioritization is a fundamental principle for the Koç Group sustainability management approach. In line with this principle, Koç Holding and Group companies identify the most essential performance areas that need to be addressed, and focus their strategies on performing better regarding those areas, and establish the most efficient study program.

Within the scope of our Koç Group Sustainability Management Project, the first aspect we addressed was reviewing the Koç Group sustainability priorities. Therefore a comprehensive study was conducted for the prioritization stage of the project. Within the scope of this study, we formed a population of 44 common, 94 sector-specific topics, once we went over the issues stemming from the engagements and legal obligations of Koç Holding and Group companies, general and sector-specific sustainability issues, issues related to peer companies and practices of the competitors in the sectors apart from the issues related to the business goals of the Koç Holding and Group companies and expectations of the stakeholders. This population was analyzed to identify the prioritized issues in a study conducted with the participation of a group of 230 people including senior management of our Group companies and managers of the specialty units.

Koç Group Sustainability Priorities

Empowering the Value Chain: In line with the corporate culture, Koç Group companies embrace a just and transparent governance understanding. They aim to be in the forefront in competition putting forward business strategies that foresee the world, society, consumers, sectors, markets and expectations arising out of these. Koç Group companies perceive their responsibility for the future not only within the scope of their operations but also in terms of the economic environment they create. They work with their stakeholders to ensure that responsible approaches and behaviours are adopted and the value chain is strengthened in a commercial sense throughout the processes from the supply to the point where products and services meet customers.

Empowering the Value Chain

- Product and Service Responsibility
- Responsibility in Value Chain

Inspiring Talent: Koç Group companies regard human resources as their most important capital and talents that will shape the future; they offer a safe working environment prioritizing equality, fairness and human dignity while supporting individuals' development.

Inspiring Talent

- Occupational Health & Safety
- Workplace Culture

Embracing the Community

- Community Development
- Contribution to Local Economy

Embracing the Community

Koç Group companies identify their development with the development of the community present in their operation geography. That is why they undertake studies to strengthen local economies and help communities to develop in social, environmental, cultural and economic sense while working in cooperation with NGOs for that purpose.

Innovating for Future

- Climate & Energy
- Responsible Use of Resources
- Water Management
- Innovation & Product Strategy

Innovation for Future

Koç Group companies mobilize innovative ideas and technologies as a prerequisite of their future success. They develop environmentally friendly, efficient and creative business strategies; prioritize people, community and environment in their investments; manage their environmental impact and produce environmental products with added value to meet the expectations of the future generations.



Ford Otosan Yeniköy
Factory

As far as the prioritization study was concerned, we applied a method in compliance with the principles set by the GRI G4 Guidelines. In that respect, we addressed the expectation levels of the stakeholders regarding the related matters once we had evaluated the issues in general besides the impact potential of those over the business success of the Group companies in a risk and opportunity-oriented fashion while also taking the phases that might generate impact over the value chain into account. We then consolidated the results we obtained on a Group company-specific level throughout the entire Group by taking sector attributes into account. Consequently, we were able to prioritize the sustainability issues on a Group company, operation sector and Group scale. The sector and Group-based results we obtained were submitted to the evaluation of the relation units at Koç Holding so that the necessary consolidation study could be completed, and then the processed results were submitted to the approval of the Koç Holding senior management for the completion of the prioritization study.

Following the prioritization study, we conducted gap analysis studies with the participation of the specialty units from the Group companies to look into the components of the administrative approach we take for the management of the sustainability issues, and identified the aspects that are open for development for the improvement activities we will carry out in the periods to come.

As a result of the sustainability management activities carried out by Koç Holding and Group companies, **Arçelik, Tofaş, Tüpraş and Yapı Kredi** were entitled besides Koç Holding to be included in the BIST Sustainability Index formed for the first time in 2014 by İstanbul Stock Exchange (BIST).

OUR STAKEHOLDERS

In line with its corporate values, governance principles and sustainability approach, it is especially important for Koç Holding to establish a dialogue with its stakeholders located on its operational geography so that it could develop its strategies that will shape the future in the best way possible by recognizing the stakeholder expectations and needs properly. Creating constant and constructive communication with the stakeholders lies in the essence of this strategy.

Koç Holding and Group companies identify their corporate stakeholders through an impact analysis. Due to their structures, Koç Holding and Group companies have different target groups. Because of the operational structure of Koç Holding, the Group companies do not have direct contact with the operational stakeholder groups such as customers, dealers and suppliers. However, Koç Holding relates to a large stakeholder portfolio when it is considered along with its subsidiaries. In that respect prioritized stakeholder groups of Koç Holding include shareholders, subsidiaries, employees, dealers, agencies, customers, NGOs, and public organizations.

Type and frequency of the stakeholder communication activities carried out by Koç Holding depend on the expectations and needs of the target audience. Stakeholder engagement practices include not only one-on-one interviews for one and two-way information provision and feedback reception, reports and presentations but also project-based partnerships. Koç Holding applies certain indicators to decide which corporate stakeholders will be picked to cooperate with. Integrity, respectability, ethical behavior, and compliance with the laws and regulatory norms are the basic principles while potential of the collaboration to be started to create added-value and multiplier effect on social level besides



the innovative and creative aspects as well as sustainability of this collaboration form another set of important criteria for making that decision.

While all the operational units of Koç Holding are in contact with their stakeholders through various channels, the main unit responsible for the stakeholder communication activities of the company is the Corporate Communication and External Relations Directorate. Meanwhile, the fact that the Group companies that account for approximately 90% of the total asset size of Koç Holding are actually listed on stock exchange requires special importance to be attached to the activities to communicate with the investors, shareholders, and related financial stakeholders. Investor Relations Unit performs the related operations in that respect.

Koç Holding's broad sphere of influence leads to diverse expectations and demand from its stakeholders regarding the Corporate Communication and External Relations Directorate and Investor Relations Unit. Related executives also address the primary demands of the stakeholders such as transparent, equal, regular and current information provision through annual reports, sustainability reports, financial performance reports based on annual and quarterly data, periodic analyses, informative documents, and

webcasts as well as press releases, material disclosures, meetings, and interviews. Except for the confidential information regarded as trade secrets, all the questions posed to the related units are replied to by the most authorized person about the matter either in writing or, if need be, through a meeting as soon as possible.

Thanks to the broad and comprehensive activities of Koç Group regarding corporate citizenship, we receive many requests from our stakeholders for sponsorships, scholarships, donations, and support. Those requests are evaluated and addressed according to their areas and within the resources available by Koç Holding Corporate Communication and External Relations Directorate as well as Vehbi Koç Foundation in line with future plans.

Apart from the practices carried out by the Group companies for communication with the employees, there are also numerous activities carried out within Koç Holding. In that respect corporate social responsibility projects such as "For My Country" and "Vocational Education: A Crucial Matter for the Nation" have been implemented in a way to accept participation of and contribution from all the Group employees. Furthermore, our employees are regularly informed through announcements and various events. Important announcements, management

changes and press releases are posted on the Intranet, which accessible by the Group employees. There is also an in-house monthly magazine called "News from Us", which is available for public view and is published in order to enhance communication with the employees.

Koç Group companies' customers are also able to share their views, suggestions, complaints and requests with Koç Holding through a number of channels. Public Relations, Human Resources or Corporate Communication units provide feedback regarding all the information requests, suggestions, opinions, and complaints regarding products and services delivered to the related units through calls, emails in addition to the contact forms available on the Koç Holding website.

“Honesty, integrity and superior business ethics are the foundations of our behavior.”

Our founder Vehbi Koç

RESPONSIBLE MANAGEMENT

Koç Grup has always sought to be quoted as the best example in the business world thanks to our operations focused on innovation, competitiveness and constant development. Since our foundation 89 years ago to modern times, our responsible and sustainable management approach has played an important role in achieving that brilliant success. Our goal today is to shape the future too and enhance the quality of life for the new generations while continuing to produce sustainable values for our stakeholders. In addition to our strategic vision of seeking to learn from our stakeholders and to capture the expectations of the future now, the driving force behind our trust in the future sustainable development of Koç Group lies in our corporate management approach that we always strive to develop without compromising from our corporate principles or our ethical practices. Originally presented by our founder Vehbi Koç's perspective over the horizon and described today as sustainability management principles, our Group values will remain as the strongest light showing us the way while we shape our future.

CORPORATE GOVERNANCE

Principles of integrity, respectability, ethical behavior, and compliance with laws and regulations form the backbone of the corporate governance structures established within Koç Holding Group companies. Having understood the importance of forming a corporate identity thanks to our founder Vehbi Koç's visionary perspective long ago,

Koç Holding and Group companies have acted as pioneering organizations that took voluntary initiatives to achieve a high level of corporate governance standards. In that context Koç Holding has been one of the first Turkish companies to adopt practices that turned into legal regulations over time such as having independent members on the board and correlating the remuneration of the senior management with sustainable financial and operational performances. The principles that Koç Holding and Group Companies are required to adhere to at all times include showing a transparent, fair, responsible and accountable management approach besides ensuring full compliance with the regulatory norms as far as the organizational structure, policies and business processes are concerned.

Issued by the Capital Market Board (CMB), “Corporate Governance Principles” are implemented to a large extent by Koç Holding and Group Companies. All our related organizations carry out activities to improve their implementation of Corporate Governance Principles levels continuously while the improvements achieved are presented for our stakeholders to view annually through the Annual Reports issued within the scope of the Corporate Governance Compliance Report. Among 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 result of the high performance levels achieved, they are listed on the Corporate Governance Index.

BOARD OF DIRECTORS AND COMMITTEES

The highest administrative organ at Koç Holding is the Board of Directors. Formed according to a structure that complies with the Corporate Governance Principles set by the CMB, the Board of Directors has 15 members. Long before the CMB issued the related communiqué, Koç Holding had adopted the principle to assign professionals with international success and prestige in their areas to act as independent board members. Pursuant to the definition made in CMB Corporate Governance Principles, none of the board members take on an executive role. Currently out of the 15 board members, 5 are acknowledged as independent members in accordance with the principles stated by the CMB. In addition to the board members accepted as independent members by the CMB, 2 of our board members actually comply with all the independence criteria except for the criterion about residing in Turkey and the criterion about the duration required by the Income Tax Law. Moreover, different individuals act as the Koç Holding Chairman of the Board of Directors and Koç Holding CEO.

A number of committees are formed so that Koç Holding Board of Directors is able to perform its duties and responsibilities properly.

Audit Committee

Composed of three independent members, the Audit Committee oversees the functioning and effectiveness of process-



Tat Gıda Ketchup Production Line

es and systems such as the accounting system, public disclosure of financial data, independent auditing, and internal control of the partnership. The Audit Committee supervises selection of an audit company as well as the preparation of independent audit contracts, the launch of the independent audit process and the activities of the independent audit organization at every stage.

Corporate Governance Committee

Composed of 2 members and chaired by an independent Board of Directors member, Corporate Governance Committee monitors the company's compliance with the Corporate Governance Principles, reviews the reasons quoted for the corporate governance principles yet to be implemented, and makes suggestions to the Board of Directors concerning measures for further improvement. In line with the CMB communiqué on Corporate Governance Principles, the Corporate Governance Committee's duties now also include establishing a responsible and sustainable management approach throughout the company and, on behalf of the Board of Directors, following up the principles and strategies adopted for that purpose.

Nomination and Remuneration Committee

Composed of 2 members in total, the Nomination and Remuneration Committee is chaired by an independent board member. The main duty of the committee as stated by the CMB Corporate Governance Principles is to nominate the board

members and fulfill the duties regarding the remuneration of the Board of Directors, and senior executives.

Risk Management Committee

Chaired by an independent board member and composed of 2 members, the Risk Management Committee carries out activities for early diagnosis of the risks that may put the existence, development and continuity of the company at stake besides the implementation of counter measures and activities for risk management.

Executive Committee

Composed of the board members that do not have any executive roles, Executive Committee seeks to establish active coordination between the Board of Directors and the administrative structure as well as ensuring efficiency regarding the investment and business development issues that will be implemented in line with the strategic goals.

Detailed information on the formation of the Board of Directors and the Committees, their working principles and member composition is available on www.koc.com.tr.

RISK MANAGEMENT

Risk management and reporting are among the responsibilities fulfilled by Koç Holding Board of Directors with great care. Risk Management Committee supervises the risk management function on behalf of the Board of Directors. In cooperation with other presidencies, Presidency of Finance

leads Koç Holding risk analysis and management activities. Through meetings and periodical reports, all potential risks to be encountered by Koç Holding are not only questioned under the main titles of financial risks, operational risks, legal risks but also subjected to a comprehensive and detailed assessment. In that respect the social, environmental, economic risks and opportunities involving current as well as potential investments and operations are overviewed so that preventive measures could be taken against the identified risks. Information reports are filed regarding the issues defined, and submitted to the the Risk Management Committee in particular, and the Board of Directors periodically through Koç Holding CFO. The Board of Directors decides on the strategic actions to be taken regarding the issues and aspects identified and the risk tolerance limits. The functions responsible for the management of those risk issues are established within the Holding and Group companies.

An approach identical to the Koç Holding risk management model is present within Group companies, and the Group companies have set up their own risk detection, early warning and prevention mechanisms, as well as their tolerance limits. The risk detections from the Group companies feed the related processes at Koç Holding and help the preparation and implementation of the action plans regarding the output.

Apart from the preventive measures taken against the risk elements identified, there are also other instruments utilized to prevent risks such as commitments made to



Otokar Factory

the national and international voluntary initiatives such as the Global Compact and Equality at Work Declaration; in addition to management standards including ISO 14001, ISO 14064, OHSAS 18001.

COMPETITIVE STRATEGIC PLANNING

Koç Holding Board of Directors oversees the long-term interests of the company in the first place by the strategic decisions it takes and through its efforts to keep the balance between the risk, growth and benefits in the most suitable level while managing and representing the company. Having defined the strategic goals for Koç Holding, the Board of Directors defines requirements for the human resources and financial resources, and also audits the management performance.

At the quarterly meetings, Koç Holding Board of Directors monitors the financial performance of the Koç Group in a comparative fashion with the budget, evaluates the developments regarding strategic issues, and makes suggestions. During the year-end performance evaluation process, besides the financial and operational indicators, the realization levels for the goals of company strategies are also measured so that they could be used as input for performance and awarding.

The most essential input for the activities carried out on Board of Directors level is composed of the strategic planning operations carried out by the Koç Holding Strategic Planning Organization, Sector

Presidencies and Group companies. Strategic planning process is carried out annually, and encompasses a minimum period of 5 years. In addition to defining the vision of the company and the strategies and goals to be monitored in line with that company vision, Group companies also evaluate the market conditions in the next period, perform environmental and competition analyses, and monitor developments regarding regulations, customer expectations, technological innovations, product and service properties and trends regarding distribution channels. Supported by feasibility studies, they are presented to the CEO and the related Presidents at the Strategy Review Meetings. The financial projections approved by the companies are consolidated on Group basis and a resource balance scenario for a period of 5 years is drawn up.

BUSINESS ETHICS AND ANTI-CORRUPTION

Our founder Vehbi Koç's statement "It is our principle 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" has been a guideline for Koç Group members. Having established itself as a role model that is now regarded as an exemplary figure by many other organizations today, Koç Holding has assumed a pioneering role with the emphasis it has placed on ethical values, transparent and fair way of doing business, compliance with laws and regulations, as

well as corporate citizenship approach and universal human rights so far.

Launched by shaping a long-established tradition formed over years through current principles and practices of business ethics, Koç Group Code of Ethics and Business Conduct has been documented, and is available for all the stakeholders to openly view over the corporate website in Turkish and English. All Koç Group employees are informed on the Koç Group Code of Ethics and Business Conduct, which is binding for all Koç Group employees as well as business partners such as suppliers and dealers. Moreover, new employees are also informed about those norms and principles during the orientation process. Compliance with the Koç Group Code of Ethics and Business Conduct is ensured by the Ethical Conduct Boards set up separately within Koç Holding and Group companies. Group companies also issue company-specific ethical conduct norms documents that meet the sector-specific expectations and comply with all the aforementioned policies.

Due to the emphasis placed by the Koç Group on ethical norms and transparency, the Group companies adhere strictly to all the requirements and standards required by the international trade norms. In that respect, all the Group companies accept fulfilling their legal obligations and providing the highest gain for their stakeholders as their responsibility. There is a constantly functional, standard and efficient checking procedure activated throughout all the Group companies to ensure that this responsibility is fulfilled.



Reporting directly to Koç Holding Chairman, Koç Holding Audit Group Presidency conducts the central audit process of Koç Group companies. Meanwhile the Group companies have their own internal audit functions in place. Koç Holding and Group companies' internal audit departments perform five essential audit processes including Risk Management Auditing, Process Auditing, Financial Statements Auditing, Regulations and Compliance Auditing and finally Fraud Auditing. Completed within the framework of the International Auditing Standards, those five essential audit processes assess the efficiency and adequacy of the internal auditing systems besides identifying the areas that need to be improved.

In addition to the general audit procedures and preventive measures, the Group companies also carry out various activities including special audit operations and activities in particular against any form of bribery and corruption risks. Apart from the auditing processes, the following processes are implemented throughout Koç Group to prevent the risk of bribery and corruption;

- Koç e-audit software carries out analytical inspections and monitors the company results.
- Applications such as the Audit Portal and Koç e-Audit software are used to improve and update the knowledge of our employees in the Finance and Accounting departments of the Group companies constantly on regulations, best practices and Koç Group principles.

- Regular audits and reviews conducted by independent audit companies provide the Group companies with an outside perspective over compliance with the international auditing and risk management standards.
- The Group companies with global partners benefit from not only the Group's principles, but also from the know-how of the foreign partners in terms of codes of ethics while those ethical principles are implemented in the entire business processes and relationships.

In 2014 all the audits conducted by Koç Holding and Group companies' internal audit teams included audits for fraud. Koç Holding Audit Team managers are contacted via their direct lines regarding the conducts that are deemed suspicious in terms of fraud. The goal here is to ensure that company employees can submit their allegations directly and free from any influence.

According to the Koç Group Procedures, in case of any possibility of fraud in the Group companies, the manager of the related department informs the company's General Manager about the situation. The General Manager then immediately informs the Business Unit Presidency and the Audit Group Presidency he reports to at Koç Holding. The fraud audit and inspection results are also shared with senior management. Koç Holding Board of Directors is also informed periodically on the results obtained as a result of the audit and inspection operations through the Audit Committee composed of inde-

pendent board members.

During the investigation of corruption suspicions, the following aspects are paid the greatest importance in the process:

- Clarifying the issue as soon as possible,
- Maintaining confidentiality,
- Following the necessary legal processes,
- Informing public authorities or stake holders if necessary.

Anti-fraud audits call for a process and content that requires special competency. Koç Holding employs 2 auditors with a special certificate in fraud auditing (CFE-Certified Fraud Examiner) so that efficiency in fraud audits could be enhanced. Moreover, in order for the auditors to possess globally acknowledged know-how, they are encouraged and supported to get a CIA (Certified Internal Auditor) certificate. Koç Holding Audit Group Presidency employs 7 CIA-certified auditors at the moment.

In line with the Koç Group Ethical Conduct Norms, Koç Holding and Group companies do not adopt any political ideologies or lend any support, material, in kind or in any other forms, to any political organizations or people in principle. Koç Group companies do not have communication with the public authorities of the countries where they operate except for the social responsibility projects and the commercial relations established within the framework of the related laws, fair competition norms and transparency.

“Our most valuable asset is our human resources.”

Our Founder Vehbi Koç

INSPIRING TALENTS

We regard our talented, success-oriented and responsible human resource as the key to generate sustainable values, and we believe that it is our most powerful strength to realize our goal of shaping the future too. Having formed our workplace culture in that respect, we strive to provide for our employees a working environment that is fair, worthy of human dignity, open to development, and safe.

WORKPLACE CULTURE

The gains we have accomplished to date and the achievements we aim for the future can only be possible with our human resources. Aware of this fact as a Group, we have prioritized recruiting the most talented and qualified professionals. Through our human resources processes, we provide an equal, fair working environment that is worthy of human dignity, and open to development for our employees. We believe in the importance of providing opportunities for individuals to realize their full potential. Ensuring that the jobs we create comply with human rights is a reflection of our understanding of quality. Finding differences in individuals valuable, we prepare the necessary environment for them to get creative. We avoid discrimination in an effort to prevent losing the talents that we might otherwise gain.

Organized within Koç Holding and Group companies, the Human Resources units ensure the corporate identity, development and continuity of the workplace culture elements shaped as an essential part of the Koç Group corporate culture over the years.

Developed on the Group and company basis, the human resources policies and strategies are formed to enable the Group companies to access the human resources they require in sufficient quality and in sufficient numbers today and in the future besides ensuring that the current employees function as goal-oriented individuals satisfied by their work life. The personnel regulations issued by the Group companies define the instruments and processes to be utilized in implementing those principles in life. Another important structure we use to ensure the sustainability of the value we have formed and our workplace culture is the “Code of Ethics and Business Conduct”. We expect our employees to comply with those ethical norms. Detailed information on the Code of Ethics and Business Conduct is available on <http://www.koc.com.tr/tr-tr/hakkinda/hedef-ve-ilkeler>.

Employee Rights

Respect for human rights is an indispensable element of the workplace culture within Koç Group. The importance attached to human rights, which we regard as whole together with employee rights, is reflected on the working life through all practices. In that respect all our operations comply with all the human rights rules set forth by the related laws and international agreements.

One of the areas we prioritize is expanding our holistic view on human rights over our value chain in a way to cover our stakeholders too and to reflect our practices on the value chain. As a result of this approach, we strive to increase awareness of this aspect

and to improve our related practices further. Therefore, due to its sensitivity about these matters, Koç Group does not allow child labor, and is not involved in any forced or compulsory labor practices, expecting its suppliers to show the very same sensitivity for such matters.

The importance we attach to the universal human rights and practices is supported by our principle to comply with the principle stipulated in article 3.8.2. of Koç Group Code of Conduct, “to act in accordance with the principles specified by the United Nations Global Compact and to show an example of corporate citizenship to our employees, dealers, suppliers and authorized service centers”. The aforementioned principles are also in line with the agreements issued by the International Labour Organization (ILO). Commitments are obtained from our suppliers in writing at the onset of our business process as a requirement of

Minimum Notice Periods

One of our basic principles is to inform our employees reasonably in advance in cases of new assignments, downsizing or workplace shutdowns within the outlines prescribed by law in order to avoid negative impacts of such changes, if any, as much as possible. The minimum notice periods in that respect are not shorter than the periods stated by the related laws and collective bargaining agreements.



Employee Demographics of the Group Companies Covered by the Report in the Year 2014:

Employee Breakdown by Gender



Employee Breakdown by Contract Type



Employee Breakdown by Employment Type



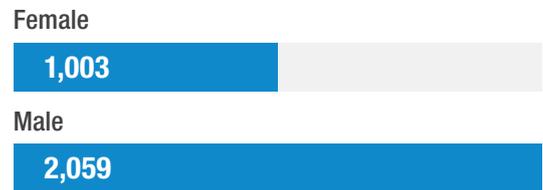
Senior Management



Employee Breakdown by Category



Mid-Level Management





Aygaz

Declaration on Equality at Work

Drawn up by the Equality at Work Platform - the most comprehensive initiative established in Turkey to reduce gender inequality- Declaration on Equality at Work was signed in early 2013 on behalf of the entire Koç Group by the Chairman of the Board of Directors, Mr. Mustafa V. Koç. Consequently, in line with the related principles, each Group company the areas for improvement, and presented implementation plans for the next three years in light of the commitments made within the scope of the Declaration on Equality at Work.

Established with the participation of 12 senior executives in 2014, Equality at Work Project Group carried out activities in cooperation with the sub-committees consisting of some 40 employees from the company functions such as HR and Corporate Communication in an effort to organize the "Equality Norms and Implementation Principles". Koç Group Equality Norms and Implementation Principles seek to provide a framework for the companies to develop their current policies and guide their practices.

With a view to enabling Koç Group companies to monitor the HR indicators on a gender-based fashion, to analyze the conditions they are in, and to determine the areas requiring improvement fast, the data collection system e-Metric has been designed to comply with the GRI G4 Reporting Framework so that the assessments for the current conditions about 2014 could be made over this platform.

In 2014 practices and projects sensitive to gender equality such as nursery benefits, expansion of the nursery services, nursing support for the women that give birth as well as programs focused on ensuring work-private life balance and career development were implemented. Thanks to the synergy provided by those activities, the female blue-collar worker employment rose by 30% when compared with the previous year in the automotive group, which had a low number of female workers historically.

Detailed information on the Declaration Equality at Work is available <http://www.istesitlikplatformu.gov.tr>.

those principles while our suppliers' related practices are monitored afterwards too.

Equality, Multiculturalism and Diversity

Koç Group does not allow at any stage of the working life any decisions or actions to be based on race, gender, political views, philosophical views, religion, denomination or any similar reasons while no actions that could be described as discriminative are allowed, and diversities are also respected. The same understanding applies to all other business processes and business relations as well.

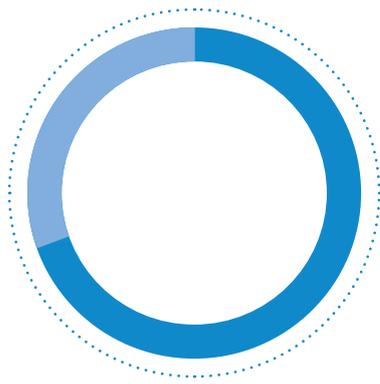
The employee development practices implemented throughout the Group comply with the principle of equality, and enable

them to develop their potential. Koç Group adopts zero tolerance policy against gender-based mobbing and abuse policies, and uses complaint mechanisms based on confidentiality to prevent such cases. Meanwhile the social areas and work clothes in the Group companies' facilities are designed according to different needs of female and male employees, and people with disabilities.

After signing Declaration on Equality at Work to empower women in business life in 2013 and adopting the UN Women's Empowerment Principles (WEP), in 2014, Koç Holding signed a collaboration agreement with the UN Entity for Gender Equality and the Empowerment

of Women (UN Women) to carry out joint activities to empower women in social aspects. Within the scope of this collaboration, Koç Holding will be one of the 10 organizations in the world acting as spokespeople of the movement and will be the main sponsor in Turkey of the He-ForShe Solidarity Movement calling 1 billion men all over the world to be agents of change to ensure gender equality and strengthen women's rights.

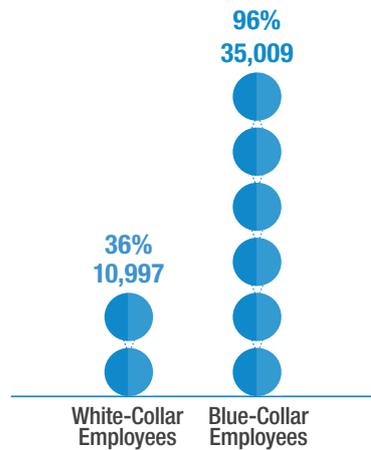
In 2013 and 2014 **Ford Otosan**, one of our Group companies, won the "Gender Equality Award" as part of the "Development of Gender Equality in Working Life" project organized by the Ministry of Labor and Social Security, for to its practices intro-



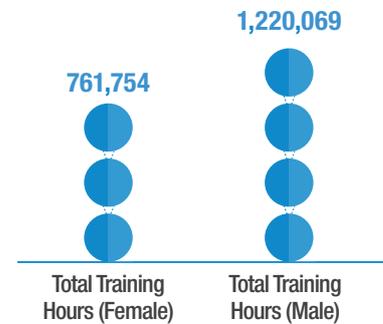
■ Employees Covered by Collective Labour Agreement 68%

■ Employees Not Covered by Collective Labour Agreement 32%

CLA Practices in 2014



Employee Trainings in 2014 (person*hour)



duced in the automotive sector known for low female employment levels.

Labour Union Rights

Peace at work is not only important to create a happy and efficient working environment for our employees, but also essential to the sustainability of our operations. Establishing, maintaining and developing a constant, sound and constructive dialogue makes it possible to preserve that structure. For that purpose, Koç Group attaches special importance to the relations with labor unions. In line with our goal to provide a working environment of constant peace at work, Koç Group Industrial Relations Coordination Board holds regular meetings in an effort to develop a sound and sustainable culture of industry relations, and spread best practices across the Group.

Koç Group respects employees' freedom of unionization and collective bargaining. Throughout the Group companies established in Turkey and abroad, 10,997 white-collar and 35,009 blue-collar employees amounting to 46,006 employees in total are covered by collective agreements. During the reporting period, the general unionization rate of the companies covered by the report rose by 6% when compared with the previous year and reached 69% while this rate is 36% among our white-collar employees, and 96% among our blue-collar employees.

Koç Group employees can be elected for the local and central managing bodies in employee and employer organizations as well as becoming members of their pro-

fessional associations (such as chamber of medicine, bar association, chambers of engineers and architects). In 2014, 1,170 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.

Professional Development

An important part of our workplace culture is creating a workplace environment that supports professional development, where the employees are able to benefit from those practices equally. Launched to identify the development needs of Koç Group employees and to draw up individual development plans for them, **KoçAkademi** Development Planning and Learning Platform is a medium open to all Group employees. Further enriched everyday thanks to its training programs, electronic trainings, articles and similar information resources, KoçAkademi provides more support for the professional development of our employees.

Development planning processes are composed of stages including assessment, goals, defining development areas, and development plans followed by development activities characterized by either short-term trainings or long-term programs. After the assessment interviews at the end of the year, the planning interviews for the next year are conducted. In 2014 development plans were drawn up for 26,681 employ-

ees working throughout the Group. Within the scope of the process, 125,560 development plans were prepared.

Talent Management

In light of the annual surveys and evaluations held throughout Koç Group, employee expectations and needs are analyzed while strategic human resources plans are prepared in line with the plans and strategies of the companies. The Human Resources activities and projects go beyond complying with the employee expectations, and qualities required to shape the future are designed and implemented.

Launched for that purpose in 2013, the Indicator Monitoring and HR Process Improvement System forms the infrastructure of the Koç Group Human Resources Strategy. With its coverage expanded in 2014, the system monitors the success indicators defined for human resources area on an annual basis, and compares them with the companies located in Turkey and abroad. The key indicators with a direct impact over the business results are reported and analyzed regularly through the e-Metric system. In addition to the strong aspects of the Group, the areas that need to be focused on in a strategic fashion are identified while in line with these findings, activities are carried out to ensure efficiency and standardization regarding the human rights processes implemented throughout the Group.

Koç Holding Human Resources Directorate visits different Group companies selected annually while the best practices and development areas are identified on compa-



Tüpraş İzmit Refinery

ny basis. Held in 2014, the Best Practices Day enabled the human resources teams to learn about the exemplary activities carried out by different companies.

Rotations within the Group are emphasized in order to allow the employees to gain different perspectives, and to help them prepare for their future roles. Rotations seek to maximize the synergy within the Group. Essential improvements to the internal announcement system of the Koç Group were introduced in 2014, which also led to strengthening the rotation culture.

“You are the Leader” talent management program seeks to identify the development needs of the employees with senior executive potential, and supports their preparation for possible future assignments from today. Updated in 2014, the program presents different personalized learning solutions. The process allows the employees to form development plans in line with their career goals. The program features different personalized development activities ranging from mentorship, project studies, company and sector presentations to coaching and part-time rotation options. While contributing to the development of people, these instruments are also designed to increase both their familiarity with the Group companies and their knowledge regarding different sectors. Launched in 2014, the “Learn from the Master” program has so far enabled 40 employees to benefit from mentoring by Senior Executives of the Group.

Recruitment

Koç Group companies seek to recruit professionals with the highest qualities for the Group in line with our goals and principles. Therefore recruitment is the beginning of that process. Compliance with the Group competencies is the most important criterion for recruitment. Besides the competencies required, the main criteria in recruitment include candidate’s knowledge and experience required by the position.

Just like every other process in place, discrimination is on no account allowed during recruitment. In that context, the candidates are evaluated by the Koç Group Human Resources Units based on their competencies, and recruited accordingly while everyone is provided equal opportunities throughout their working life following their recruitment.

Detailed information regarding recruitment processes is available on <http://www.koc.com.tr/tr-tr/hakkinda/insan-kaynaklari/>.

Performance Management

Used as an instrument to expand the company goals over the employees efficiently, performance management system is composed of processes including management by goals, active communication with our employees, mutual feedback, and understanding. In that respect the performance of employees to realize goals is evaluated, the factors that have had a positive or negative impact on the realization of the goals are identified while the achievements are awarded and the individual development plans for the next period are drawn up.

Leader Development Programs

Featuring learning, experience sharing and cooperation development practices, Leader Development Programs seek mainly to create a joint leadership and management culture. The goal is to ensure that the benefits of the practices introduced within the scope of the program are lasting. Since the beginning of the program, 308 employees in total participated in the trainings held in 2014.

Within the scope of this context, all the white-collar employees are subjected to performance assessment on an annual basis. Accordingly, over 3,500 mid-level and senior executives were included in the manager performance assessment process throughout the Group in 2014.

Remuneration System

An internationally acknowledged system is used as the salary level evaluation process at Koç Group. This aforementioned evaluation plays a significant role in defining the employees’ salaries. Besides this practice, the other parameters used in salary management include the wage market and the sector in which the company operates, the current wage structure of the Company, company’s wages policy, individual performance, and job grade. Moreover, regular market analyses are conducted for a competitive and fair wages policy. A bonus system encouraging high performance and

Designed to attract young talent that just graduated from universities to work for Koç Group in the future, Koç Career recruitment platform was updated in 2014. The updated platform comes with 10 distant education programs providing young talent to prepare for professional life. Moreover, the website also features presentations for the duties of the functions to inform them.

long-term success is also implemented. Additionally, Outstanding Success and Distinctive Assignment Awards are given out to reward the employees' performances for the related year. Koç Group adopts the equal pay for equal work policy and therefore gender is not a factor that creates a difference in determining the salary levels and the wages for the employees.

In determining the salary levels of the non-unionized employees, the difficulty level of the job, the level of know-how level required and the assumed responsibilities are taken into consideration, while the salary and other financial benefits for the unionized employees are specified according to the Collective Bargaining Agreements signed at the end of the collective bargaining conducted with the trade unions they are members of. Furthermore 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 due to the effect of bonuses and benefit packages and the minimum entry wages determined by collective agreements, the actual salaries paid by the Group companies are considerably higher than the minimum wage. A bonus amounting to four months' salary in total is paid on a monthly basis on top of the gross salary throughout the group, and a social benefit package is provided. When these rights are taken into consideration, the standard starting level of the salaries throughout the Group rises approximately 48% over the legal monthly gross minimum wage.

Salaries paid to the Koç Holding senior executives are set according to the principles of the "Remuneration Policy for the Members of the Board of Directors and Senior Executives". The assessments are made according to the standards and le-

gal obligations. Other parameters taken into consideration during the remuneration process include macroeconomic market data, current wages policies, the size and long-term objectives of the company, and individual positions. When all these evaluation results are considered, Koçcogitations. Other parameters taken into consideration during the remuneration process include macroeconomic market data, current wages policies, the size anFringe benefit packages provided for all our employees in line with their job grades are reviewed annually to meet the expectations of our employees, and maintain our competitiveness. The fringe benefits are part of the total income package and seek to maximize employees' loyalty.

Suggestion System

The feedback provided by the Group employees is one of the important factors supporting practice quality and efficiency. As a natural result of this understanding, suggestions from the Group employees are evaluated within the scope of the related systems, and then implemented. The successful projects that stand out are awarded to encourage the continuity of the system, and enhance operational efficiency. In that respect out of 62,436 suggestions made by the Group employees 39,169 of them were implemented in 2014.

Private Life – Work Life Balance

Professional and personal life balance is observed and supported by means of human resources practices throughout the entire Koç Group companies while practices that will have a positive influence over the employees' lives are implemented accordingly. Many activities focused on improving the social lives or making non-professional aspects of

Most Successful Koç Employees Award System

Since 2003 the Most Successful Koç Employees Rewarding System has been implemented with a view to acknowledging and appreciating the achievements of employees, and determining and sharing the best practices in the Group. Thanks to the project, successful projects are promoted throughout the Group while the employees' successful practices are encouraged. In 2014, 10 projects were selected under the titles "Making a Difference", "Cooperation", "Customer Satisfaction", "Creative Innovations", and "Adding Value to Life" in two categories each, White Collar and Blue Collar Projects, and 94 Group employees working in those projects were awarded as part of the program.

	White Collar	Blue Collar
Developing Cooperation	OPET Traffic Detectives Project	TÜPRAŞ Planlı Duruş Sürecinin Yönetimi
Adding Value to Life	SETUR Disability-Free www.setur.com.tr	OTOKAR Energy Hunters TOFAŞ Adding Value to Our Bursa Değer Katmak
Creating Customer Satisfaction	ARÇELİK Arçelik Service Cloud Project	OTOKAR Eliminating Refrigerator Pump Failure
Creative Innovations	TÜPRAŞ Energy Regained through Membrane Deaerator	TOFAŞ Edge Electrode Life Extension Project
Making a Difference	KOÇ UNIVERSITY Anatolian Scholarships Project	OTOKAR Different View for Efficiency in Bus Manufacturing

In 2014 the total number of the participants in the organizations held by the Group Companies is as follows:



the employees' lives easier are regularly implemented, and the employees are encouraged to participate in these practices. Moreover, all the Group companies comply with the working hours and paid annual leave system as stipulated by the law.

For many employees, having a child may pose difficulties in achieving a balance between professional and personal life. While we try to increase the number of workingwomen and to ensure that women stay in professional life, they may suffer most from those negative aspects. Having a child is regarded as an important factor for women to quit professional life. Koç Group companies develop their organizational and material means constantly in order to provide the employees with such options. In that respect, 899 women employees used maternity leaves in 2014, and 717 of them returned to work later.

Employee Volunteerism

As an essential component of its corporate culture, Koç Group human resources is composed of individuals that are not only the most talented, trained and experienced professionals in their areas, but also people sensitive to social problems with their highly developed social skills. Therefore the Group employees volunteer to participate in the social development activities organized either by the companies they work for or throughout the Group. As a result, the employees develop their personal lives and skills as well as finding ways to use their knowledge

Koç My Family Program

Koç 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 currently has about 95,000 members.

and talent for the good of the society while also enhancing their adaptation to the Group culture and corporate sense of belonging. The Group employees participate in practices implemented throughout the Group such as "No Barriers for My Country" and "Koç Sports Festival" with enthusiasm. Group companies continued their activities supported by the employees voluntarily in 2014 too.

Arçelik, with the voluntary participation of its employees and 10 teachers selected among Darülaceze residents, started the "Darülaceze School of Life" so that the life experiences of the residents of Darülaceze, Turkey's largest charity organization, could be transferred to the next generations. **Arçelik** Cooking Devices Plant employees, in line with

the activities carried out for long years to create awareness for the protection of the environment and nature in Bolu, lent their support to the "Soil and Leaf" themed painting contest organized by TEMA (Foundation to Combat Soil Erosion in Turkey). **Arçelik** Classical Turkish Music Choir resumed their activities in 2014 as well.

Aygaz and **Opet** employees started the "**Aygaz-Opet** Turkish Music Choir" back in 2004 to enable those that love Turkish Classical Music to perform, and to have the opportunity to be involved in music as a hobby. The choir continued its activities in 2014, and gave an 'Alaeddin Yavaşca' concert. Some of the events and shows organized by the **Aygaz** Social Activity Club comprising employees that participate voluntarily included "Dialogue in Darkness", "Black Box" and "Saloon Game".

Seeking to establish an assistance system with volunteering participants, **Aygaz** Search and Rescue Team stepped up its activities in 2014. The team had search and rescue trainings and exercises at Sakarya AFAD Sapanca facilities and Koç Sports Club Bağlarbaşı Woods training area for five days and two days respectively. Furthermore, the team also received mountaineering training as well as trainings on how to hold planning and coordination meetings.

Ford Otosan Handicap-Free Theatre Club aims to create awareness in society and help the disabled, socially disadvantaged employees to participate in social



Koç Holding Retirement Pension Foundation

Established on 01 November 1967, Koç Holding Retirement Pension Foundation seeks to provide the employees working at Koç Group companies and already covered by the Social Security Institution with supplementary social security and support. 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 54,728 active and 335 retired members.

life through arts. Within the scope of a project launched by the club, the actors on the stage demonstrate the importance of sign language and teach the audience some of the key sign language words through a number of shows they have prepared. Composed of 26 Ford Otosan employees, the theatre group reached an audience of almost 1,000 people with their plays titled "Mad Dumrul" and "I Close My Eyes and Do My Duty".

Koç IT Group social clubs, composed of voluntary employees, organized a number of activities during the year while the Sailing and Chess clubs continued their activities with the participation of the employees.

Opet Hobby Groups, which were established back in 2010 to improve the motivation and social life quality of the **Opet** employees, continue their activities with the participation of 266 employees. The courses organized by the groups include a wide range of hobby subjects ranging from singing, basketball, volleyball, sailing and photography to dancing, cooking and swimming depending on different talents and interests of the employees.

Otokar Photography Club participated in a photography event held with 12 members from the Sakarya New Life Sports Club for the Disabled. Thanks a campaign led by **Otokar** employees, aid packages were delivered to primary school pupils from Keser Village in Sorgun, Yozgat. Moreover, **Otokar** employees participated in the Coastal Cleanup Day held in cooperation with Turmepa. As a result of a project launched together with **Otokar** Women's Club and **Otokar** employees, families in need received free clothing. Within the scope of the World Environment Day, two Ekokar Environment Club members gave Environmental and Energy Saving Trainings to 280 primary, secondary and high school students in Arifiye region.

Tüpraş employees participated in many activities in 2014 including TEGV's "Pencils in Little Hands" campaign, "Our Team Runs for Charity and We Raise Funds with Your Contributions" campaign held for TOG, Izmit SEK General Directorate Theatre Club, TEGV- Dreams Workshop Project, Happy Wastes Packaging Waste Sorting Movement in Aliağa, 5th Kite Fly-

ing Festival, We have a Special Education Class Project in Aliağa, 23rd April Wastewater Wall Painting Event "The Young Drink and the Old is Responsible", and finally 23rd April **Tüpraş** Batman 7th Children's Festival.

TürkTraktör Sports Festival, which has been held for 12 years, was organized in 16 branches including basketball, football, volleyball, table tennis doubles, table tennis singles, backgammon, chess, darts, foosball doubles, foosball triples, foosball singles, checkers, badminton doubles, badminton singles, American three-ball pool, and American pool branches. **TürkTraktör** employees provided voluntary trainings for their own colleagues on environment, occupational safety, orientation, and World Class Production, therefore assisting the development of the employees.

Yapı Kredi Volunteers continued their activities in collaboration with NGOs within the framework of 10 main projects in 2014. During the year they established libraries for many schools, provided technological equipment such as printers and computers while keeping the spirits of the children up with the "Boots-Coats" and "Wish Tree" campaigns held for them. The volunteers did not neglect the elderly and continued their visits to the retirement homes, and also worked at the stands established for NGOs so that the organizations could generate charity funds. Moreover, they carried on reading books out for the vision-impaired, ran in a marathon calling on their friends to raise funds for TOFD, and finally participated in



Koç Group Sports Festival

the campaign to collect bottle lids so that TOFD could buy more battery-operated wheelchairs for disabled people and help them take a more active part in social life.

Koç Employees and Sports

Koç Group companies promote a healthy life for their employees through sports and activities, and also help them establish a balance between their personal and professional lives. Organized for the 25th time in 2014, Koç Group Sports Festival provided the opportunity for the employees to participate in football and veteran football matches, and bowling, sailing and track competitions. 25th Koç Group Sports Festival not only contributed to improving the bodies and spirits of the employees but also helped the Group companies bond better and the Group culture get stronger.

Koç Group Sports Festival, which started in April and continued for 68 days, featured close to 4,000 amateur sportspeople working for 30 Koç Group companies and 83 plants located in İstanbul, Ankara, Bursa, İzmir, and Adana regions.

Arçelik HQ and production plants house sports and fitness centers enabling the employees to exercise, as well as areas allowing them to be involved in sports activities including football, volleyball, basketball, tennis, table tennis, track and billiards. Basketball, volleyball, football, veteran football, sailing, bowling, track, tennis and table tennis teams composed of **Arçelik** employees not only participate in the tournaments held within the company but they also compete in

matches and various sports competitions with other companies. Employees are encouraged to participate in the sports competitions throughout the country.

Aygaz HQ facility features a well-equipped fitness center where the employees can exercise with a trainer while other locations boast areas for the employees to be involved activities such as football, volleyball and table tennis. Apart from the tournaments held in categories that interest the employees, **Aygaz** employees also participate in the Koç Sports Festival.

Ford Otosan employees use the sports center where the team trainings for sports activities also take place.

Koç IT Group boasts a sports center and a sports room at Çamlıca Business Centre and Bilkom center, respectively for the employees. Every year the employees participate in the Koç Group Sports Festival individually or in teams. In 2014 KoçSistem employees ran the İstanbul Eurasia Marathon. Employees can also receive trainings at sailing and diving clubs.

Opet boasts basketball, swimming, tennis, sailing, volleyball, football, bowling, nature sports and extreme sports (skiing, rafting) teams, in which employees participate actively. All the sports teams continued their studies during the reporting period and not only did they participate in Koç Group Sports Festival but also competed in tournaments with other companies. Employees can also use the swimming pool allocated to the swimming team outside the practice hours.

Otokar features facilities such as a basketball court and a football field available for the use of all employees. Volleyball, soccer, basketball, bowling and track competitions are organized within the company, and employees training at the tennis, diving, skiing and sailing clubs are encouraged in their sportive activities.

Tat Gıda Football Team won the regional championship match for Bursa and represented the region in the Super Cup Finals in İstanbul. Moreover, **Tat Gıda** Dragon Boat Team ranked third among the Group Companies.

Tüpraş refineries boast fitness centers and swimming pools while certain refineries also feature indoor sports facilities, basketball and tennis courts, football pitches, racetracks and squash facilities. Social Activities Clubs continue their activities during the year, and sports events such as Bowling and Streetball Tournaments among refineries are organized.

TürkTraktör Sports Festival has been held for 12 years in 16 categories. 1,612 people amounting to approximately 80% of the company employees participated in the festival, which was received with great interest by the company employees. Apart from the festival, recreation areas featuring indoor sports hall, open football field, billiards and foosball are available for the employees to participate in sports after work.

Tofaş Sports Club features basketball court, volleyball court and fitness room for the employees to use while the social facilities boast 2 tennis courts and

1 basketball court. Sports Club organizes swimming, Basketball, and football summer schools for the children of the employees, as well as motorbike, tennis, chess and diving trainings, and ski and diving trips for employees.

Yapı Kredi has a club based in İstanbul and enables the employees to do sports in categories, and to be involved in social activities in four categories. Accompanied by trainers, the employees can play sports within the scope of a certain program thanks to the football court, indoor sports center, and swimming pool. As a team and as individuals, **Yapı Kredi** employees have participated in sports competitions and events featuring many corporations.

OCCUPATIONAL HEALTH AND SAFETY

Ensuring occupational safety and eliminating the elements that could have a negative impact on the employees' health is an essential priority for the Group companies. The Group companies have established their policies and systems to manage the Occupational Health and Safety management through systematic processes.

Formed with the participation of the Group companies, the main functions of Koç Holding Occupational Health and Safety Coordination Board include reviewing practices throughout the Group regularly to propose development and dissemination proposals, ensuring the determination of high occupational safety standards through the appropriation of good practices by other Group companies, monitoring work accident statistics regularly to make suggestions for improving and developing zero accident frequency goal, and ensuring full compliance with the related regulations. The board meets regularly to evaluate the operations and

Out of the 83 facilities¹ that belong to Group companies covered by the report, 63 of them are certified with the OHSAS 18001 "Occupational Health and Safety Management System". The OHSAS 18001 certification rate of our facilities, which was 70% a year ago, rose to 75% in 2014.

	Number of Active OHS Committees	Number of Assigned Representative Employees on the OHS Committees	Total Number of Active OHS Committee Members
Arçelik	13	32	200
Aygaz	13	38	108
Ford Otosan	3	5	61
Opet	6	17	90
Otokar	1	6	17
Otokoç	22	53	275
KoçSistem	4	11	31
Tat	7	23	76
Tofaş	9	9	95
Tüpraş	5	21	35
Türktraktör	3	6	62
YapıKredi	17	17	85
TOTAL	103	238	1.135

their results. In addition to this structure, all the Group companies have their independent Occupational Health and Safety Committees.

Regular occupational health and safety trainings are offered at the Group workplaces both for company employees and contractor employees. Workplace doctors, occupational health and safety professionals, and whenever required additional medical personnel are employed at our workplaces, and external services are procured when needed. During the reporting period risk assessment operations were carried out to prevent accidents at work; technology and the ways of doing work were reviewed while the employees were trained accordingly.

During the reporting period 75,265 Group employees received 437,173,87 person*hour of training, and 22,050 contractor employees received 68,368 person*hour of occupational health and safety training.

During the recruitment process of our employees, their health information and health reports certifying that they are fit to work are required. Apart from the routine health screenings held throughout the Group, special medical examinations and health screenings may be demanded for different tasks. The related health and occupational health aspects of the collective

bargaining agreements are implemented without exception. In addition to these practices, training activities and social projects for our employees and their families are organized.

Work accident statistics are regularly conducted at the Group workplaces and the obtained data are consolidated two times centrally, monitored and compared with previous periods. The changes in the statistics are compared with the total working hours, and the reasons for any increase and decline are assessed.

During the reporting period 440,090 person*hour of training was provided with the participation of 74,375 Group employees while 67,764 person*hour of occupational health and safety training was provided with the participation of 21,974 contractor employees.

2014 Occupational Health Safety Data²

Injury Rate	0.64
Occupational Disease Rate	0.01
Lost Working Days Rate	10.39

¹Yapı Kredi operation facilities are excluded.

²The calculations do not cover the data regarding contractor employees.

“Being the best at all times is our indispensable goal.”

Our Founder Vehbi Koç

INNOVATING FOR THE ENVIRONMENT

The world changes at a faster rate today than it used to. Innovative thinking has proven itself as one of the best assets in this changing environment, which also transforms social expectations. The companies that define the world they exist in properly and produce innovative solutions for tomorrow's expectations will continue to exist as an important element in the world of tomorrow.

Great opportunities arise for the business world due to the increase in the needs created by the rising population while problems such as lack of resources, environmental pollution and climate change caused by the rising population also lead to risks that need to be monitored closely by the society and the business world. That is why the most important priority for the business world must be the capability to meet the needs of the future through products and services with minimized environmental risks regarding their production processes and consumption qualities.

Koç Group companies believe that the path to future success lies in mobilizing innovative ideas and technologies in an effort to create efficient and creative business solutions, to prioritize the society and environment in their investments, to emphasize activities aimed at protecting the environment and biodiversity, and to meeting next generations' expectations through environmentally friendly and value added products.

ENVIRONMENTAL MANAGEMENT

Environmental management is implemented across Koç Group with an integrated strategic and operational approach through a structure that starts with Koç Holding and extends to the companies' operational divisions without ignoring sector-specific differences. General strategy and policies established by the Koç Holding platform translate into sector-specific strategies, policies, and operations for the companies. The results of these activities are assessed by the senior management of the companies as well as Koç Holding's authorized senior management bodies to identify the new strategic approaches required.

Compliance with the environmental regulations of the countries they operate in accounts for the first part of the Koç Group environmental management philosophy. The entire set of principles to be implemented regarding environmental management is composed of the environmental policy documents designed to adhere to requirements stated by international standards and initiatives, including the UN Global Compact in particular. Those principles are also in line with Koç Group Business Principles. Koç Group Environmental Vision and Mission, Koç Group Environmental Policy, and Koç Group Climate Change Strategy documents cover the fundamental common principles shaping the environmental processes for the Group companies.

Details on Koç Holding environmental management approach are available on the corporate social responsibility section of the website www.koc.com.tr.

Koç Holding and Group companies are focused on three main areas regarding their environmental management practices. All the Group companies;

- Seek to keep the environmental impact under control including energy and water consumption in particular, emissions, and waste generation, as well as aiming at increasing recycling, protecting biodiversity, and carrying out improvement activities in light of “current best practices” to achieve these goals;
- Monitor the environmental impact caused by the products and services throughout their lifecycle starting from the design and planning stages to the end of their economic lives while developing “environmentally friendly” products and carrying out activities focused on reducing that environmental impact; and
- Carry out educational activities to create awareness and to increase knowledge of the large groups in the society, including its employees, customers, dealers, suppliers, contractors, and other operational stakeholders.

Just like the Koç Holding strategic management approach, environmental management functions and practices depend on an organization that starts with Koç Holding and extends to the Group Com-



Otokar

panies. Established within Koç Holding with the participation of Group companies' environmental, energy and sustainability specialists, Koç Group Environmental Council, the highest-level decision making body for environmental management issues in Koç Holding, is responsible for identifying long-term environmental management strategies as well as action plans for implementing these strategies, sharing examples for best practices, carrying out activities to ensure changes in the environmental regulations, organizing environmental training activities, and developing environmental management systems throughout the Group.

Composed of the energy executives from the Group Companies, Energy Efficiency Working Group is a management body seeking to create synergy regarding energy efficiency throughout the entire Group by drawing up improvement plans, mainstreaming best practices, and undertaking joint projects through its specialized subcommittees.

Strategic plans established on Group level transform into performance goals on company basis, and are then mainstreamed over the entire organization starting with the company's senior management. Activities carried out by related units depending on the operation areas are evaluated through quantitative performance indicators. Prepared within the framework of key performance indicators identified by the Group Environmental Council, annual performance evaluation

reports along with the results from the audits conducted regularly by the Audit Group on policy and performance basis are submitted to the company's senior management. In addition to the audits conducted by the Audit Group, environmental policy and performance of the companies are also audited in-house and through independent audit processes. Improvement activities are held according to the development issues revealed by these audits.

The Group companies ensure system reliability of their methodologies by adhering to the internationally recognized standards while the implementation reliability for these systems is established through regular external audits. In this context, ISO 14001 Environmental Management System Standard is the basic methodology the Group companies adopt. As of 2014, out of the 83 facilities' owned by the Group companies covered by the report, 74 operate within the scope of the ISO 14001 certificate while certificate coverage rose and reached 89% in comparison to the previous year. In addition to aforementioned ISO 14001, Group companies widely use methodologies including ISO 50001 Energy Management System Standard, ISO 14064-1 for Quantifying and Auditing Greenhouse Gas Emission System Standard, OHSAS 18001 Occupational Health and Safety System Standard, ISO 9001 Quality Management System Standard, EFQM, and 6 Sigma.

¹ Yapı Kredi operation facilities are excluded.

Complying with sector-specific or widely recognized sectoral, local and international product and process quality standards, norms, product information and labeling practices, all the Group companies also adhere to the EU REACH Regulation, and expect their suppliers to comply with the regulation too.

In addition to the company senior management and Holding senior management, the Group companies inform their stakeholders on their environmental management policy and operations besides their related progress too. The majority of the Group companies share that information through sustainability reports.

Having developed a holistic approach towards their environmental risk management, Koç Group companies emphasize the management of the impact on the value chain. In this respect they seek to implement an approach focused on reducing environmental impact on a scope including supply, logistics, sales, product and services consumption processes, as well as their own operations. In this sense the environmental policies pursued by the supplier companies providing products and services for the Group companies are important too. Hence the Group companies expect their suppliers, which are an important part of their operations, to adopt an environmental management approach identical to the Group companies, and they also include the environmental management criteria



in their audit practices, and carry out capacity development activities. During the reporting period the audit activities including the environment criteria have covered 10% of the active suppliers for the Group companies. Meanwhile the environmental training provided for the supplier company employees has reached 22,677 person*hours in total.

Within the scope of their environmental management activities, the Group companies conduct trainings to create environmental awareness among their employees, business partners, and in society too. For that purpose in 2014, the Group companies provided 46.693 person*hours environmental training in total.

In 2014 Group companies spent 58 million TL on environmental management operations and training activities while spending 170 million TL on performance improvement investments, amounting to 228 million TL in total environmental expenditure. **Tüpraş** made a large portion of that spending, 143 million TL. In 2014 a large portion of the total 918 million TL worth R&D

spending made throughout the Group was used for R&D activities focused on reducing environmental impact of the products and production processes.

In 2014, for the first time, World Environment Day was organized under the auspices of Koç Holding CEO in order to develop environmental management consciousness and to raise awareness regarding environmental problems throughout the Group. The theme of the first year was determined as "water". At the events held with the participation of Ministry of Forestry and Water Affairs, various NGOs and universities, the results of successful researches on the condition of water and water footprint in Turkey were summarized. The exemplary university-industry collaborations regarding efficient use of water were also presented.

CLIMATE & ENERGY

Now that the climate change-related issues have begun to affect our daily lives in many ways, it takes a more prominent place on the world agenda everyday. While scientific researchers,

international organizations and Governments continue to take their activities further; the responsibilities that fall on companies are revealed more clearly. Legal regulations introduced in many countries also imply that in the near future the activities carried out to prevent climate change will begin to be monitored much more closely on a global scale, and will radically change the ways companies do business, eventually developing an economic understanding based on low-carbon principle.

Guiding its activities in light of new developments, Koç Holding monitors agendas of international organizations and different local governments regarding climate change due to the diversity of its operations and vast operational geography. In that sense, Koç Holding and Group Companies manage climate change related aspects with an approach based on risk and opportunity assessments. Formed according to SWOT analyses completed with the participation of the Group companies, Koç Group Climate Change Strategy is the foundation for the climate change related activities within Koç Group. Adopting this pivotal strategy, the Group companies carry out activities to meet the sector-specific requirements and stakeholder expectations regarding climate change as well as developing their supply, production and product design, and development processes.

	Group Employee Trainings	Contractor Company Employee Trainings	Trainings Provided for General Society
Number of Participants	17,250	17,334	3,967
Training Hours (person*hours)	24,737	17,095	4,862



Climate change issue is managed within the scope of the environmental management organization throughout Koç Group. Strategic trends defined by the Koç Holding Board of Directors translate into action plans, and are implemented in line with the strategic decisions made by the Koç Group Environmental Council with the participation of the companies. In addition to the strategic plan implementation levels, the results obtained are monitored through quantitative and time-based performance indicators. As part of the corporate and individual performance evaluation systems, these evaluations influence the remuneration policies regarding the executives responsible. Annual results are evaluated by the Group Environmental Council to form future scenarios, which are reported to the Koç Holding senior management so that the strategic trends could be identified.

Meanwhile compliance with related policies, activities and their results are also covered by the audits conducted by company internal audit function and Koç Holding Audit Group.

As for the energy and greenhouse gas management aspects for Group companies, independent external auditing and certification activities are also implemented within the scope of the ISO 50001 and ISO 14064-1 standards.

Since climate change has a broad scope of impact, many different types

of stakeholder groups need to work in cooperation. In line with our vision of shaping the future, Koç Holding and Group Companies carry out pioneering activities to increase community engagement and awareness, and to develop collaboration with related parties, including NGOs in particular, participating in initiatives and platforms to implement relevant practices.

Koç Group views climate change as an important area for further study and investment due to the risks and opportunities it involves. Climate change bears the potential of not only posing operational, financial, regulation and market related risks due to its impact on nature, society and economic life but also provides diverse opportunities for companies due to the needs arising for new production organizations and products as well as related financial instruments to support them. It is safe to say that the companies that managed to transform the way they do business, and accepted to be a part of the solution through their products and services will benefit from these opportunities to continue their existence in the future too.

In line with the Climate Change Strategic Plan, Group companies carry out emission reduction and calculation activities. While all the Group companies refer to the IPCC Guidelines in their calculations, the ISO 14064-1 certification practice introduced in the last reporting period continued in 2014 too.

Energy Efficiency and Emission Reduction Practices

An important portion of the activities carried out by Koç Group companies regarding environmental policies and climate change strategies is composed of projects focused on energy intensity and greenhouse gas emission reduction. While decreasing the impact on the environment and climate, these projects also help the Group companies achieve operational efficiency, which in turn creates a positive effect over the costs.

In 2014 Group companies conducted many energy efficiency projects resulting in the reduction of their energy consumption by around 2 million GJ, and their greenhouse gas emissions by around 150,000 tons of CO₂e. Thanks to these activities the general energy intensity of the Group companies covered by the report in 2014 turned out to be 591.06 GJ/million TL net income, and greenhouse gas emission intensity turned out to be 38.09 Ton CO₂e/ million TL net income. These values are 994.29 GJ/million TL, 62.61 Ton CO₂e/ million TL for the energy industry, the sector with the highest energy intensity due to its structure, while the energy intensity for the companies outside the energy industry declined to 120.27 GJ/ million TL, and their greenhouse gas emission intensity declined to 9.47 Ton CO₂e/million TL.



KoçSistem Data Center

Thanks to 66 energy efficiency projects completed in 2014, **Arçelik** saved 40,170 GJ on energy while also saving 1,179 Tons of CO₂e emission directly, and 2,868 Tons of CO₂e emission indirectly.

Energy Consumption and Greenhouse Gas Emission Reduction over Years

Year	Reduction in Energy Consumption (million GJ)	Reduction in Greenhouse Gas Emissions (thousand Ton CO ₂ e)
2010	3.35	329.5
2011	3.37	348.6
2012	5.44	369.8
2013	3.06	208.2
2014	2.00	149.9

The projects implemented during the year include switching from the LPG forklifts to electric forklifts, introducing servo motor applications to plastic injection, and implementing a heat recovery project for the magnetic annealing furnace.

Aygaz saved 18 Tons of CO₂e on an annual basis by preventing leaks from the steam boiler, while saving 23 Tons of CO₂e by introducing solar power usage in central heating systems. Additionally, **Aygaz** saved 8 Tons of CO₂e emission by replacing the water pump

in the fire reserve water pump building, another 8 Tons of CO₂e emission by getting the tanker filling platform to operate without interruption.

Ford Otosan Kocaeli plant saved 4,6 million kWh energy and reduced emission by 2,127 Tons of CO₂e on an annual basis with the motor driver introduced in the cooling towers and air conditioning plants. Moreover, the plant saved 850 thousand kWh and reduced emission by 415 tons of CO₂e by revising the lighting systems. As for İnönü plant, the valve jacket and ventilation system optimization practices led to saving 2,754 GJ while implementing waste heat recovery system during the year saved 12,045 GJ on energy and reduced emission by 1,673 Tons of CO₂e at the same time.

Opet undertook a renewable energy project at Mersin Terminal, installed a photovoltaic panel of 102,96 kWp/100 kWe and began to generate electricity from solar power.

Otokar saved 2,110 GJ on energy in 2014 through its practices, including variable speed compressor usage and furnace automation. In the same period, the projects implemented by **Tat Gıda** plants saved 4,315 GJ worth of energy and 593 tons of CO₂e emission in total.

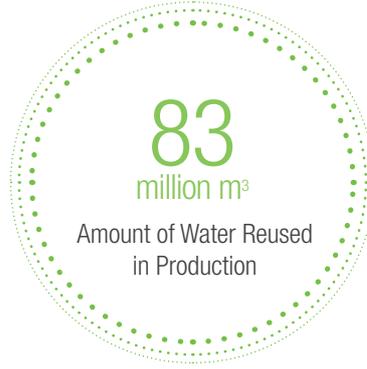
In 2014, **Tofaş** realized 111 new energy efficiency projects such as practices for thermal leakage, waste heat recov-

ery, cooling, lighting automations that maximize daylight utilization, localization and automation systems in compressed air leakage, correlation and optimization of energy consumption and use of insulation material. As a result of the projects, 124,812 GJ energy savings, and 9,720 CO₂e emission reduction were achieved.

Tüpraş implemented 23 energy efficiency projects in its refineries in 2014, saving 1.8 million GJ on energy, and reducing emission by over 126 thousand tons of CO₂e.

TürkTraktör reduced its electricity consumption by 528 GJ in 2014 by using IE3 engine on engine and body production units in 2014 while reducing electricity consumption further by 172 GJ through armature replacement and automation project for the engine production units. Finally, the PID application on the furnaces reduced electricity consumption by 17% per product.

Logistics operations are vital to ensure business continuity of the Group companies. Carried out mainly by the companies providing logistics services, these practices lead to energy consumption due to vehicle usage, and related indirect emission generation. The Group companies reduce the impact from the logistics operations through their route optimization, intermodal logistics planning practices and fleet preferences.



Arçelik started to work on the Scope 3 Emission Calculations (Logistics) Project back in 2013 to calculate its greenhouse gas emissions caused by product transport operations within Turkey. The company completed the project in 2014, and had its emission values stemming from the domestic logistics verified on “limited assurance” level. Thanks to the effective use of the “Dynamic Routing” introduced in product distribution operations and the loading counts catalogue practices for exports, as well as internal transportation routing activities, the vehicles began to run closer to their full capacity. As such, both the costs, and carbon emission could be decreased. Moreover, using electric forklifts in the warehouse reduced greenhouse gas emissions further.

Arçelik increased the orders providing high rates of loading thanks to the practice of loading the product groups of suitable sizes together, eventually making fewer deliveries as part of its transport operations. Additionally, as a more environmental method, maritime transport use rose by 3% when compared with the previous year and reached 81%.

Aygaz decreased vehicle weight by reducing the length and height of the long-trailer vehicles in 2014 within the scope of the Long-Trailer Modification Project in 2014 while increasing the number of cylinders carried thanks to

more efficient loading practices. The project enabled 70 fewer tours annually, therefore saving 4,900 liters on fuel and cutting down greenhouse gas emission by 13 Tons of CO₂e.

Ford Otosan shortened the Köln-Gölcük logistics operation road section by 6.8 million km annually through the Mobile Trailer and Intermodal Logistics Project completed during the reporting period, which reduced the annual greenhouse gas emission by 13,710 Tons of CO₂e. The Budapest Part Export Center Project optimizing the operation also cut down greenhouse gas emission further by 4,800 Tons of CO₂e annually while a new axle stand design increased the number of parts delivered on every round on the vehicle body and lowered the shipment counts required.

In 2014 **Otokar** increased the milk run practice for the local suppliers’ material shipments to 40%. With the consolidation of the delivery vehicles used during the supply process as well as introduction of new generation vehicles running on Eurodiesel, exhaust gas emitted by the **Otokar** logistics operations went down. The goal is to increase the vehicles making deliveries with 71% of the loading capacity used in 2014 to over 80% in 2015, which will reduce the fuel and greenhouse gas emission consumed per unit material.

WATER MANAGEMENT

The decline in the availability of the water resources is the most prominent impact made by the rise in population and climate change on natural resources. In addition to meeting human needs, clean water resources remain among the most important resources required for industrial operations, which makes ensuring access to clean water resources in the future even more vital. Therefore using water resources efficiently is among the shared sustainability goals for all the Group companies.

Involved in water management operations in line with environmental policy and management systems, the Group companies seek to increase efficiency in production, recycling and recovery so that clean water withdrawal could be lowered and the stress induced on the resources reduced thanks to diversifying the resources, cutting down the amount of generated wastewater, and further improving the quality of wastewater. All these parameters are evaluated within the scope of the risk management systems, and related goals are set with performance results evaluated on an annual basis.

In 2014 the Group companies reduced their total freshwater consumption by 8.5% down to 26.7 million m³ when compared with 2013. Accordingly, for every 1 million TL net revenue generated by the Group companies in 2014, water consumption turned out to be



TürkTraktör Factory

212.46 m³/million TL. In the energy sector, water consumption for every 1 million TL net revenue generated is 273.81 m³ while this value is 116.6 m³ for the durable goods sector, 79.69 m³ for the automotive sector, and 24.41 m³ for the finance sector.

Thanks to practices involving reusing in process, and recycling in wastewater treatment plants in 2014, over 83 million m³ of water was used in production again, therefore the recovered water usage rate in production turned out to be 75,7%. During the reporting

period, recovered water usage rate in production turned out to be 91,8% for the durable goods sector and 96,1% for the automotive sector. The dramatic change observed in the recovered water amount and recovered water amount used in production in the previous reporting period essentially stems from the fact that during the reporting period re-using in the process values began to be covered by the calculations during the reporting period, therefore yielding a real water recovery amount.

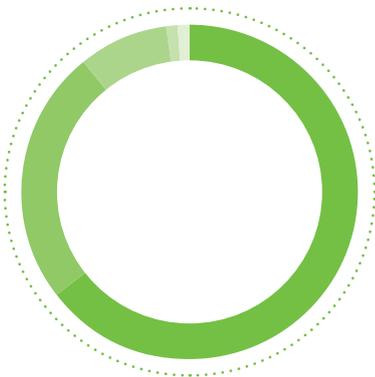
Arçelik, thanks to a project implemented in collaboration with İstanbul Technical University and with the support of TÜBİTAK TEYDEB in 2014, seeks to recover wastewater and rainwater through advanced treatment technology, and to reuse it in production without compromising product quality. Planning to recover 110,00 m³ of water, the project recovered 1,484 m³ of water in 2014. During the reporting year the cooling water reused at the Dishwasher Plant saved 3.030 m³ of water, while the reused water from the heating boilers saved 376 m³ of water.

Due to the water consumption improvement activities carried out by the Electronics Plant, 49,000 m³ of water was saved. Meanwhile the Washing Machine Plant undertook a project with the support lent by İstanbul Development Agency to recover the biological treatment facility exit water and rainwater so that per product water con-

sumption fell by 7% when compared with 2013. Moreover, the washing water from various filters in the water conditioning plant was delivered back to the wastewater recovery plant for the ion exchangers to be fed with the RO production water instead of municipal water. All these practices amounted to recovering 106,703 m³ of water in 2014. Furthermore, the introduction of the Cascade system in the paint shop in the Refrigerator Plant recovered 21,333 m³ of water while the improvement practices implemented in the Compressor Plant recovered 3,006 m³ of water, and the maintenance and improvement activities carried out at the Tumble Dryer Plant recovered 3,500 m³ of water.

Tat Gıda saved 297,600 m³ of water by recovering the water overflow on the separation lines at the front, and 172,800 m³ of water by cooling the water warmed in the cooling tunnel through a chiller and reusing it in the cooling tunnel. **Tat Gıda** also saved 189,000 m³ of water by recovering the water from the overflowing section in the tomato lowering pool underground storage and using it in the tomato floatation collector while saving 38,400 m³ of water by feeding the tomato product sterilized cooling water to the sprinklers on the front for washing tomatoes and finally saved 67,200 m³ of water by channeling the condensed water warmed in the evaporator to the cool-

Total Water Withdrawal by Source (m³)



■ Surface Water	17,690,320	66%
■ Well Water	6,557,094	25%
■ Municipal Water	2,335,707	8,8%
■ Rain Water	10,340	0,1%
■ Other	75,933	0,1%



Tofaş R&D Center

ing tower so that the evaporator could achieve vacuum once again.

While the Group companies reduce the freshwater amount they use through their recycling practices, the wastewater that cannot be recovered undergoes chemical and biological treatment processes in the units fit for their pollution load. The wastewater that has reached the quality norms stipulated by the discharging licenses is discharged either into the receiving environments stated by the same licenses, or municipal sewage systems. In terms of the natural receiving environment for the discharged wastewater, the wastewater does not exert any negative impact on the biodiversity properties, or on the species living in that environment since the wastewater quality parameters are constantly monitored, and the wastewater is only discharged once it has reached a quality level higher than the stipulated norms. In 2014 the wastewater amount generated due to the Group companies' operations went down by 11% and turned out to be 16.6 million m³. The wastewater generated is filtered by the treatment units and is discharged once it has reached the suitable standards.

RESPONSIBLE USE OF RESOURCES

As part of their environmental management practices, Koç Group companies also focus on responsible and

efficient use of resources like energy and water, as well as preserving and improving the biodiversity capital, ensuring efficient waste management and waste recycling

Arçelik Cooking Appliances Plant introduced a recovery practice enabling it to save on the enamel raw material, and reduced waste generation by 20 tons. The Washing Machine Plant carried out production planning activities to bring products of different colors together, and invested in a new sieve, therefore reducing the collection of paint over the sieve in the powder coating booth to 0.09 kg/ product.

Arçelik uses Mucell technology in the injection process of plastic materials to reduce weight, mold temperature, mold costs, part nominal thickness, cycle time and carbon footprint while increasing high noise and temperature insulation, and mold life. Following the plastic injection trials conducted in 2014 using Mucell technology, weight reduction amounted to 12% and cycle time gain reached 10%.

Arçelik established two processing plants for recycling electric and electronic goods in Bolu and Eskişehir. Granted recycling permissions by the Ministry of Environment and Urbanization in 2014, Bolu Facility recycles large white goods and small house appliances while the Eskişehir Facility recycles waste refrigerators, freezers and air-conditioners. The gases with

high potential of harming the ozone layer and greenhouse effect contribution potential are prevented from being emitted to the atmosphere and are collected in the facility and are disposed of by the licensed facilities. The materials obtained from the facilities are recycled and contributed back to the economy.

Ford Otosan achieved a first in Turkey in 2014 by introducing the 3 WET Process, which does not have many examples in the world. The project reduces the paint spraying booth and oven to one, eliminating the need for an undercoat or abrasives, which resulted in saving 5% on electricity consumption, 26% on natural gas consumption, 14% on the industrial materials used, and 17% on the paint use.

Launched in 2010 to create recycling awareness among the Group employees and to form a common standard for recycling paper, glass, plastic and metal wastes as well as increasing the amount of waste collected, the Recycling Project was completed in 2013. In the period following the completion of the project, Group companies continued the related practices. In this regard 3,542 tons of paper, 863 tons of plastic, 699 tons of metal and 339 tons of glass wastes were collected and recycled in 2014.

In line with the Group Environmental Policy, the Group companies are obliged to reduce waste at the source,



Opet Marmaraeğlisi Terminal

and ensure waste recovery as much as possible. 114,1 thousand Tons of hazardous and 279,5 thousand Tons of non-hazardous waste was generated as a result of the Group Companies' operations were recovered in 2014 through authorized agencies by 78.6% while the remaining part was disposed of according to the norms set by the environmental regulations.

Monitoring their environmental impact with a multidimensional approach through risk assessment and precaution practices, Koç Group companies formulate plans for protection and improvement. Implemented within the scope of the environmental policy and management practices, they ensure that no negative impact is imposed on the natural sites, forests or wetland areas located on and near their operation sites as well as on the living organisms inhabiting these sites. The negative impact on the environment and biodiversity stemming from the supplied chemical materials is managed in accordance with the 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 lands or water resources that have suffered a significant impact in terms of biodiversity value or species population due to the Group companies' operations. Meanwhile the Group companies continued

Environmental Awards in 2014

Appreciated by their stakeholders thanks to their practices shaping the future, Koç Group companies were also awarded by many organizations for their environmental efforts. Within the scope of the Carbon Disclosure Project (CDP) they participated in 2014, **Arçelik** and **Tofaş**, both affiliated with Koç Group, became the very first Turkish companies to win the right to be on the "A List: CDP Climate Performance Leaders Index 2014" featuring the companies with the best performance from around the world by achieving the highest A performance score in the CDP performance ranking. Meanwhile **Arçelik** Dishwasher Plant scored a first time both in Turkey and Europe with "Nanotechnology Surface Processing Technology" in its paint shops and became the finalist from Turkey for the Sustainability for Innovation – the EU Environmental Awards Turkey Program 2013-2015 period Process Category. In the same contest **Tüpraş** was also selected among the finalists from Turkey thanks to its "Membrane Deaerator Cold Boiler Feed Water Energy Recovery Project". Moreover, **Arçelik** and **Tüpraş** also represented Turkey in the EU Business Awards for the Environment with these practices. Developed by **Ford Otosan** Kocaeli Plant for creating donations through the products manufactured from the waste materials, The project "Back Window" won the second prize in the Environmental and Sustainability Management for Large Scale Enterprises Category of the 14th Environment and Energy Awards organized by the İstanbul Chamber of Industry. **Otokar** won the third prize in the Environmental and Sustainability Management category in the same contest while **Tofaş** won the second prize in the Large Scale Enterprise Energy Efficiency Implementation Category.

In 2014 **Opet** was awarded for its social responsibility projects in the "17th Akdeniz University Environmental Service Awards" held by Akdeniz University Environmental Problems Research and Practice Centre in cooperation with the Faculty of Engineering. **Opet** was also awarded for its Clean Toilet Campaign by the Nature Warriors Environmental Agency.

Tofaş was awarded for its energy generation from waste heat project in the Ministry of Science, Industry and Technology Sustainable Production Contest. **Tofaş** also won the first place in the Energy Management Awards Program held for the first time by BUSİAD.

Saplings Planted by Year	
2010	42,747
2011	89,140
2012	50,043
2013	55,944
2014	30,545

to protect and improve the biodiversity properties of their operation regions during the reporting period too.

Arçelik Cooking Appliances Plant spared an area of 4.2 km² on it site and began to grow here 8 bulbous plant taxons that are rare to come across while 100 saplings were planted in an effort to revitalize and increase production of Bolu Mountain Nuts facing extinction as a species due to germination problems. Moreover, a green space was created and placed under protection on an area of 104.5 km² within the Plant boundaries.

Ford Otosan protects 22,000 m² of wetlands located on the plant site and on the bird migratory route in its natural state so that the biodiversity properties of the site is exempt from the operations. Meanwhile an area of approximately 35,000 m² formed due to a settling that occurred after an earthquake was rehabilitated in cooperation with the TEMA Foundation and reforested to create a park available for the employees to enjoy. In 2014, 2,000 tree saplings were donated to the Middle East Technical University "A Forest from Us for a Tree from You" project organized by the Middle East Technical University (METU).

Within the scope of the reforestation activities carried out by **Opet** in 2014 at 23 stations, 24,234 plants were planted while thanks to another project launched in 2014, 594,172 plants were planted in total at 680 stations and on the sites shown by municipalities.

The Group companies planted 30.545 saplings and plants as part of the reforestation activities carried out by the Group companies in 2014.

Projects for Environmental Awareness

In line with the Group Environmental Policy, Koç Group companies carried out 24 environmental projects, and 11 donation and sponsorship activities with a view to creating environmental awareness throughout the society.

Arçelik Cooking Appliances Plant supported the 6th Earth and Leaf Painting Contest organized by the TEMA Foundation in 2014. 156 students from 23 schools competed in the contest, and the students that were placed received awards.

Started by **Koç IT Group**, Green IT Platform continued its activities in 2014 too. In addition to supporting the Earth Hour with all the member companies and turning their lights off in their buildings for 1 hour, the platform members closed their websites for 1 hour too to draw interest in green IT practices. In an effort to create awareness for saving energy, Green IT Platform held the "Take a step that does not leave a trace in nature" campaign seeking to reduce the use of elevators.

In a social media campaign launched with the hashtag "#sizeihtiyacvar", Green IT Platform sought to bring the latest water shortage problems to the agenda and create awareness by sharing related information and visuals. The campaign lasted for 15 days and reached 65,000 people organically. Organized by the voluntary Green IT Platform member company employee' participation, "Hear My Voice Before the Nature Reclaims It" project was launched to coincide with the World Environment Week while the song sung within the scope of the project reached over 20,000 people.

Ford Otosan implemented the "Back Window" project in collaboration with the Automotive Industry Exporters Association while as a result of the project 275 paintings were produced from the waste panels generated during production and over 131,000 TL was raised

thanks to 68 companies buying these paintings. The money raised was used for converting the Automotive Industry Exporters Association Technical and Industrial Vocational High School building into a green building and receive BREEAM in Use certificate. The activities helped the school building save 421 GJ energy and 4,000 m³ of water.

During the reporting period **Otokar** launched the Sapanca Lake Coastal Clean Up Initiative with close to 100 voluntary employees, their families and Marine Environment Protection Association (TURMEPA) volunteers, hence supporting the International Coast Clean Up project implemented simultaneously in over 100 countries. The event resulted in collecting 185 kg waste from Sapanca Lake. **Otokar** environmental club EKOKAR provided training for saving energy and environment for 280 students from 5 schools within the scope of 5 June World Environment Day while the winners of the painting contest held with the theme "What do you do for the environment with your family?" among the students received their awards in a ceremony held at **Otokar** Plant.

Continued by **Tüpraş** since 2010, the Happy Wastes Project held a kite festival for the 5th time in 2014 and the children participating in the festival received messages focused on creating environmental awareness.

Batman Refinery voluntary employees started a campaign that collected 150 liters of waste vegetable oil from houses and sent to the recycling company. The money raised from the project was used to provide hearing aids and wheelchairs for disabled people. Meanwhile the refinery employees also provided 4,590 person*hour training for 2,295 students from 73 schools in Siirt, Bitlis, Batman villages and Tatvan with a view to drawing attention to the environmental damage created by wastes.

“Creation Of Wealth For Continuous Development Is Our Key Objective.”

Our Founder Vehbi Koç

INNOVATION AND PRODUCT STRATEGY

Providing consumers with “firsts” and “bests” since it was established, Koç Group believes in the important of innovation regarding its strategy to shape the future. Seeking to develop new business models that will generate new values for their stakeholders, create new markets and help next generations benefit from environmental and value added products, innovation activities are performed on an operational level by the Group companies while the Koç Holding strategic trend and systematic development practices contribute to further development of innovation activities throughout the Group.

Innovation and Intellectual Property Rights Management

In an effort to guide the innovation activities throughout Koç Group, Koç Group Innovation Strategy was launched in the previous reporting period. In that sense, the strategic goals for the activities carried out through out the group include:

1. Building a culture of innovation and creating the right working environment to enhance our innovation capacity,
2. Cultivating the corporate entrepreneurship (“Intrapreneurship”) across the Group, and supporting employee entrepreneurial dispositions and efforts,
3. Extending innovative endeavours not only across product and service development activities but also to wards all business units and operations,

4. Increasing partnership with external stakeholders, an important source of innovation, and managing such collaborations in a more efficient manner,

5. Managing innovative operations with in specific processes to ensure their sustainability.

Launched by Koç Holding to implement Koç Group Innovation Strategy, Koç Innovation Program seeks to establish and develop innovation management infrastructures in the Group companies. For that purpose, standards are formed about the related aspects especially including corporate entrepreneurship (“intrapreneurship”), business model innovation and open innovation while goals are identified, trainings are provided, processes are introduced and due diligence practices are implemented. Pilot implementation of the Koç Innovation Program that seeks to mainstream innovation culture and help innovative ways of doing business appear among Koç Group companies began at **Tat Gıda**. The Innovation Program implemented by **Tat Gıda** under the name “Good Idea” intends to mainstream culture of innovation in the company and support in-house entrepreneurs.

The innovation practices in the Group companies are implemented within the framework of the Koç Holding Innovation Model developed by Koç Holding and introduced to the Group companies. The activities carried out within the framework of this model, and the innovation

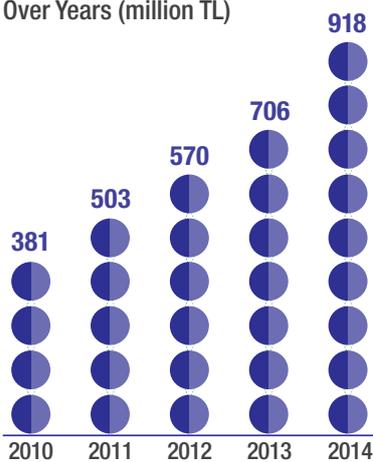
management competencies achieved by the Group companies are monitored and measured through the Innovation Index, also devised by Koç Holding.

In addition to these operations coordinated by Koç Holding, Koç Group Technology and Innovation Council established under Koç Holding is responsible for the coordination of the R&D practices carried out within the Group. With its basic mission being to create the suitable environment to set the long-term R&D and innovation strategies, goals and action plans for the Group Companies, the Council is composed of top managers responsible for technology, innovation and R&D operations of the Group Companies.

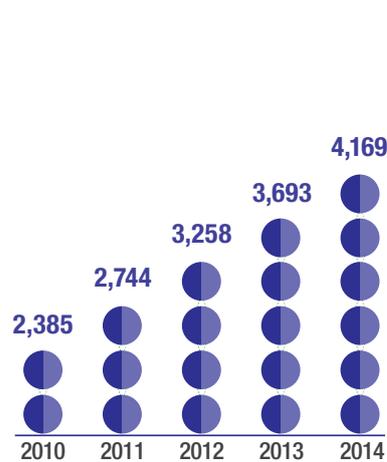
Koç Group companies invest more and more workforce, infrastructure and resources every year in innovation activities. In this regard the Group companies developed their R&D capacity significantly when compared with 2013 and invested 918 million TL in R&D in total in 2014 while employing 4,169 R&D employees.

Practices for managing intellectual property rights are important to protect intellectual property, which is accepted as an economic asset. In this regard Koç Group is the first Turkish company to introduce an intellectual property rights strategy and share it with its related stakeholders. Koç Intellectual Property Rights Management Project seeks to implement this strategy.

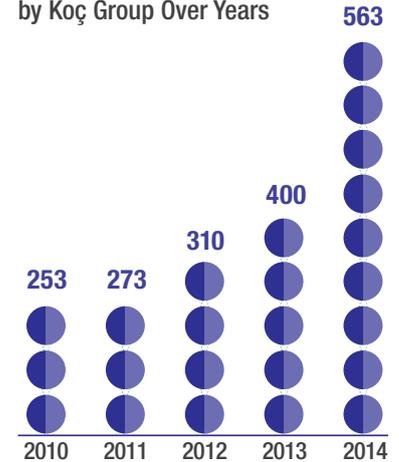
R&D Investments by Koç Group Over Years (million TL)



Koç Group R&D Staff Over Years



Patent Applications by Koç Group Over Years



The current Koç Group intellectual property rights portfolio comprises over 3.000 patent families, over 6.600 patents, over 700 industrial designs, over 7,100 brands, and over 4,200 Internet domain names. Moreover, Koç Group companies applied for 563 patents in 2014.

Group companies carry out joint activities with many agencies especially including universities for innovation. Meanwhile the innovation projects benefit from the innovation incentive programs of many organizations such as the EU and TÜBİTAK .

Detailed information regarding collaborations established for innovation and projects is available in the Koç Holding 2014 Annual Report.

Product Strategy in Emerging Markets

Accessing the emerging markets with the products that meet the expectations play an important role in developing the competitive power of the Group companies. Koç Holding monitors the activities focused on diversifying these markets closely too. Koç Holding, by means of innovation management systems, expertise on intellectual property rights, opportunities for collaboration under the Koç Technology and Innovation Council, and Performance Management System, supports the efforts of the Group companies regarding technology, product and service development. While entering large-scale new markets or investment projects, Koç Holding units contribute to the projects by

being directly involved. The activities of innovation and design teams of the companies play an important role in these activities, which seek not only to meet the consumer expectations in the emerging markets but also local legal requirements.

Arçelik, one of the Group companies, invested in Defy in South Africa in 2011 and now intends to operate more actively in the Southeast Asian market, another emerging market, through its Thailand Plant Investment announced in 2014.

Ford Otosan is focused on growing in emerging markets through its engineering and technology exports as well as innovation capabilities, and the vehicles it manufactures. As the leader of the R&D exports from Turkey, **Ford Otosan** signed a deal in 2013 with the Chinese JMC for the use of Ecotorq engines, whose intellectual property rights lie 100% completely with **Ford Otosan**, on JMC trucks. In 2014 the scope of the deal expanded to include license for the production of the chassis, cabin and related parts of the current trucks, therefore allowing the production of complete trucks, whose intellectual property rights belong to **Ford Otosan**, in China, the world's largest truck market. Meanwhile during the reporting period **Ford Otosan** signed a similar deal with Avtator company for the joint production of the trucks in Russia.

Developing its business volume in emerging markets in line with its primary goals, **Tofaş**, carried out innovation activities to modify the Linea FL model for the Indi-

an market, and ensured the compliance of the vehicle models with the heat and desert conditions in the African and Gulf countries. Meanwhile the company also carried out activities including projects to modify its light commercial vehicles to carry mail in Denmark, Sweden and the UK, and increased the added value and competitive power of the Doblo model in the UK and Canada.

Eco-Innovative and Value Added Products

A considerable portion of the R&D projects carried out by Koç Group companies include projects to reduce the environmental impact from the current and future product portfolios. Thanks to these activities, the Group companies not only provide products generating added value and meeting the needs and expectations of the customers fully but also ensure minimized environmental impact during the consumption of the products developed. By preferring these products that help them benefit from added value and environmental consumption opportunities at the same time, our consumers saved over 1 million GJ worth of energy in 2014.

Arçelik spared close to 37 million TL for its activities to develop environmentally friendly products. The share of LCD TVs in total TV production rose from 88% in 2013 to 100% in 2014 while the production share of A++, A+ and A energy class products rose from 76% to 98%, therefore reducing the energy consumption



Otokar

need stemming from its product portfolio from 544,000 GJ to 526,000 GJ. In 2014 stand-by power consumption was cut from 0.5 W to 0.3 W, preventing 9,000 GJ Kwh consumption in total. During the reporting year, the new stand design for the 40-48 ARTEMIS models saved 44 tons on plastic raw materials while the design modifications introduced to the TV wall suspension apparatus saved 51 tons of plastic raw materials.

Thanks to the activities carried out during the year, the gas oven products reached A+ energy class properties according to the EN 15181 standard while the built-in oven products reached A++ energy class properties according to EN 603350 standards and hood products achieved A energy class properties according to EN 61591 standard. Thanks to all these changes, energy consumption of the cooking products declined by 6% saving over 32,400 GJ.

Activities carried out in 2014 improved the energy consumption in washing machines by 0.6% on average, saving 10,800 GJ on energy. Highly efficient products' share in the product portfolio significantly rose too. During the reporting period the production of washing machine models in silent products category went up by 21% in number.

In terms of tumble dryers the ratio of the A class energy class products with heat pump to total production rose from 19.5% in 2013 to 24.3%. Therefore per

Arçelik Electronics Plant BMS Line and Refrigerator Plant VIP Facility Investments

Monitoring panel supply dynamics changing in the global TV market closely, **Arçelik** made in 2013 the first investment for the Backlight Module Set (BMS) Production Line for the production of the TV panel that used to be bought until 2013 while making the second investment in 2014. With the second line becoming operational, the BMS Panel production gained impetus and the usage rate in total TV production rose over 90%. With the establishment of these two lines, **Arçelik** set up clean rooms and gained a new production technology too.

Understanding of the LED illumination design and production technology, development of the optical engineering notion and elimination of the dependency on abroad to a great extent regarding mechanical and industrial design with the production of BMS Panel helped **Arçelik** achieve significant development in terms of R&D, design and production organization. While BMS Panel production created significant additional employment, the reduction of the pieces used also provided cost advantages.

Vacuum Insulation Panels (VIP) provide 5 times higher insulation performance than known heat insulation materials. So the level of insulation that could be achieved through 10 cm thick fiberglass or polyurethane could be achieved through 2 cm thick VIP, which reduces the edge thickness significantly. Using VIP technology provides important advantages such as improving temperature insulation performance of refrigerator and increasing the volume offered. As VIP usage increases in the white goods sector, **Arçelik** used its own engineering power to start a VIP production center. As a result a first time was scored and VIP panels that used to be imported until then began to be produced in Turkey. Increase in the amount of energy saved thanks to expansion of the VIP practices will have much positive impact on economy and environment. Moreover, as refrigerators with VIP become more widespread, **Arçelik** will increase its competitive power in the market and will achieve higher exports potential.

During the period, **Arçelik** also began to use the 3D printing technology actively in production enabling 3D digital models to be produced in layers without the need for molds or production fixtures featuring different materials. 3D printing technologies improve the cooling performance of the molds too. In this regard, using this technology **Arçelik** manufactured mold plates in the molds of adjustable leg piece for refrigerator, washing machine boiler and coffee machine handles. While cycle duration was reduced to 20%-30% level, the temperature emitted to the environment was also reduced by 30%.

product energy consumption went down by 2.51%, saving 28,080 GJ. In early 2014, the noise level of the A+++ energy class Grundig heat pump tumble dryer was reduced from 65 dBA to 63 dBA. Meanwhile the amount of forest products used fell down by 75% to 116.1 tons. Thanks to the A++ energy class Super eco machines that began to be produced in 2014, 42% of CO₂ equivalent refrigerant was saved while that ratio was 12% for the A+ energy class 54 cm HP machines.

In 2014 as far as refrigerators are concerned, the basic A++ models rose to 98 and basic A+++ models rose to 20 in number. A new cooling system developed in 2014 enabled designing of a No-Frost refrigerator achieving 30% more efficiency than the most efficient energy class defined for the refrigerator sector. As a result of the energy-oriented **Arçelik** R&D activities, the world's most efficient compressor was developed. Designed to keep green-leaved vegetables fresh for up to 30 days, EverFresh Plus section is now being available in other products too. The technology minimizes the condensation on the vegetables, therefore reducing the appearance of mold, fungi and bacteria while delaying the rotting of food.

Continuing to develop dishwashers with lower energy and consumption values in 2014, **Arçelik** managed to reduce the average energy consumption of all the dishwashers by 3.4%. The world's first and only dishwasher eliminating the stench in dishwashers without using harmful chemicals, **Arçelik** 6388 I saves on water and energy since it does not have to be full for being operated. Another innovative product development project during the year was the Regional Washing System, which keeps the water consumption the same but intensifies the washing in certain regions so that dirtier dishes could be washed 5 times more efficiently. Implemented in 2014, Automatic Tablet Detergent Detection System enables the dishwasher to perceive the detergent type and optimize its washing algorithm

while minimizing its energy and water consumption. During the year, thanks to the increase in the production numbers of the products of A+ and higher efficiency levels, energy consumption went down by approximately 3.38%, therefore saving 66,600 GJ of energy.

Arçelik products and innovation activities were appreciated in the researches carried out by many consumer and sector organizations in 2014 thanks to their environmentally friendly qualities and production technologies. For instance, Elektribregenz brand dishwashers won the Green Brand award for their performance in terms of climate and environmental protection, and their reliability; while the Home+Living magazine published in Singapore named Beko DSN6839 as the most energy efficient and lowest water-consuming dishwasher of 2014. In the Turkish Innovation Week organized during the year, **Arçelik** won the Innovation Strategy 2014 award in addition to the R&D Leadership 2014 and Technology Development Leadership 2014 awards. In the Energy Efficiency in the Industry Project Competition organized by the Ministry of Energy and Natural Resources in 2014, **Arçelik** not only won the "Most Efficient Product" award for its tumble dryer with A+++ -10% energy level and the "Most Efficient Industrial Facility" award but also received the second prize in the Large Scale Enterprise R&D and Product Improvement category in the "Energy Efficiency Project Awards" for its ATLAS BLDC Washing Machine Motor.

With its improved formula, **Aygaz** Autogas provides excellent traction and extra performance besides the advantage of achieving more mileage on less fuel. Thanks to the cleaning effect of **Aygaz** Autogas, the performance shown is improved and the 90 km/h fixed speed fuel consumption test proved to an improvement of 2.66%.

Accepting reduction of the environmental impact from its products as an important aspect of its product strate-

gy, **Ford Otosan**, implemented the "Filobil" project, which involves machine to machine communication technology via modules installed on Ford Cargo trucks, during the reporting period. The project enables identifying mechanical problems, changes in the road conditions and intervening immediately in case of accidents. In the Global Telecoms Business Innovation Awards for the most innovative technological practices, Vodafone My Business Partner and **Ford Otosan's** "Ford Trucks Filobil" project received the "Innovation in Business Solutions" award. Filobil technology provides for up to 20% fuel economy on Ford Cargo vehicles.

Featuring 2.2 liter Duratorq TDCi diesel engine engineered by **Ford Otosan**, Transit Custom and Tourneo Custom models offer 6.5 L/100km the most successful consumption values in their class thanks to the Start/Stop system.

1.0 liter EcoBoost petrol engine won the "International Engine of the Year" award for the third time in a year from the Engine of the Year organization.

1.0 liter three-cylinder EcoBoost petrol engine provides the performance of a traditional 1.6 engine but saves 24% on fuel and 25% on greenhouse gas emission.

Opet offers over 1% fuel economy for consumers thanks to the next generation diesel additive that began to be used in the Ultraforce diesel product in 2014. When the same additive begins to be used in the Ecoforce diesel product too in 2015, the additive usage amount in the product is planned to be reduced by up to 40%, hence decreasing the use of chemical substances.

In 2014 activities were carried out to switch to the Tier IV emission levels on the TT, TDD, JX series tractors manufactured at **TürkTraktör**. Thanks to this development, NOx, HC and PM emissions are reduced by up to 85% when compared with the Tier III engines. Within the scope of the projects, activities are also underway to reduce tractor noise levels.

“Customers are our benefactors.”

Our Founder Vehbi Koç

EMPOWERING THE VALUE CHAIN

Boasting a sizable economic area of influence through its supply and dealer network besides its products and services, Koç Group is the largest industry and service group in Turkey. In that context, Koç Holding and Group companies perceive their responsibilities towards the future not only within the framework of their operations but also in the economic environment they boast. Therefore starting from the supply process to the point products and services meet consumers, they work in collaboration with their stakeholders in an effort to ensure adoption of responsible approaches and behavior as well as commercial strengthening of the value chain.

Carrying out activities to help dealers and suppliers as strategic business partners in the value chain to adopt the principles identical to those stated by Koç Group in social, environmental, economic and ethical sense throughout their operations, Koç Group supports their required capacity development efforts for that purpose. Meanwhile the Group companies seek to improve the satisfaction experienced by the customers, regarded as its benefactors, further through products and services provided with a responsible approach for them.

PRODUCT AND SERVICE RESPONSIBILITY

In line with its responsible management understanding, a significant part of the Koç Group goals set to shape a sustainable future stems from assessing the

changing consumer expectations properly as well as from the activities carried out to increase consumers' life quality not only from today but also through the products and services that will be provided in the future. Hence, in terms of product and service responsibilities, Group companies prioritize consumer safety and are focused on improving product and service quality in addition to presenting true and transparent information about the products and services for consumers, keeping consumer information confidential while always developing consumer satisfaction further.

Product Quality and Safety

The essential goal defined for all Koç Group companies is to increase quality of life for consumers by providing them with healthy, safe products and services designed in line with high quality norms on an international level in addi-

tion to ensuring consumer satisfaction thanks to compliance with consumer expectations and needs.

In terms of products and services, Koç Group companies comply with the related legal obligations, valid product and service standards regarding the design, production and supply processes in the first place. In the second place, they establish quality norms that go beyond those norms in an effort to strengthen their international competitiveness and customer satisfaction. Sector-specific properties play an important role in defining these norms.

In addition to the quality of the products and services provided, Koç Group companies also accept developing healthy and safe usage conditions for consumers in the consumption process as an important product responsibility component. All Group companies

Consumer Durables: Advanced Product Durability at Arçelik

Arçelik seeks to ensure that its products provided for consumers remain durable for the longest time possible without compromising their usage quality over time. That is why all **Arçelik** products are designed to last for a decade, which is a much longer period than the one set by the related legal regulations.

The new products and their components are subjected to tests simulating the excessive usage conditions that will be experienced during a decade of use. The test results are required to be examined and approved by the senior management for the product to be granted a sales approval. As long as the product model continues to be manufactured, the tests on the product life and its components continue so that the variables that could change during the production continuity are kept under control.



Information Management at Koç Information Technologies Group

Koç IT Group companies prioritize information management most among the service quality processes. Every **Koç IT Group** Company develops information management processes suitable for the nature of its own service area. For instance, KoçSistem implements both sector-specific and worldwide-accepted processes and standards while managing the systems and their information on customers' behalf in addition to its own operations. During the asset information management processes, KoçSistem uses systems such as file servers based on QDMS, user authorization, Reporting Portal, Intranet Portal, Information Bank, ERP, CRM, PPM and Time Management Application.

In terms of the service processes implemented by Koç Information and Defense Technologies, the company uses systems operating on safe networks for the information management needs involving aspects such as archiving the reports presented to the customers, managing bug and activity management, managing project requirements and monitoring project development. In the same way, Bilkom too uses various systems to fulfill information management requirements as part of the quality conditions involving dealer and customer service processes.

Automotive Group: Vehicle Safety

Vehicle safety, a fundamental priority for the automotive sector, is regulated by legal norms. In this regard all Koç Automotive Group companies fully comply with the regulations on vehicle safety in the markets they operate in. Meanwhile Koç Automotive Group companies carry out product design and R&D activities in an effort to equip the vehicles they manufacture with the most highly developed safety technologies. The vehicles manufactured to boast these technologies provide a safer driving experience for the users. Passive and active technologies developed make sure that the vehicles manufactured reach the highest safety norms in their classes while tests conducted by international organizations such as NCAP verify this is the case.

Today traffic safety has reached such a level that it is not limited to the vehicle properties alone but is also related to the smart driving systems enabling vehicles to communicate with each other and the infrastructure. Koç Automotive Group companies lent their support for the development of these technologies through their R&D activities and participating in international projects bringing different sector actors together in 2014.

evaluate their products and services in terms of safe consumption conditions in the design and production stages while complying with the valid legal regulations in the markets they operate first. Afterwards they conduct product development activities focused on maximizing those qualities. In that context, all the products and services provided by Koç Group companies have been reviewed in terms of their compliance with safe and healthy consumption norms. During the reporting period no non-compliance cases in this sense were experienced.

Responsible Advertising and Marketing

Koç Group companies provide a considerably wide range of products and services in the sectors they operate in for consumers while achieving high market shares both in domestic and foreign markets. At this point it is important for the Group companies to use the advertising and marketing communication instruments in a right way. These operations are conducted accordingly and are based on Koç brand's four integral values including Leadership, Optimism, Solidarity and Value Generation.



Arçelik Çayirova R&D Center

During their engagement in marketing communication, advertising and promotional operations, Koç Group companies act in accordance with the International Chamber of Commerce (ICC) Principles of Advertising Practice, and the Advertising Self-Regulatory Board guidelines. In that regard, we strive for the related messages and instruments featured to be ethical, honest, accurate, responsible towards the society as well as personal rights and comply with the legal regulations while taking care to ensure that the definitions used, claims and visual depictions made could be documented and proved. In addition to avoiding any actions that might mislead the audience, detract, imitate others or benefit from commercial reputation unfairly.

Digital media use increases gradually in marketing communication and advertisement operations since it offers a universal dialogue environment in a way that could be measured. Seeking to use digital media more throughout the Group, Koç brand corporate identity guidelines now also cover digital media usage conditions and essential principles that have been set to maintain a certain quality standard.

Product Information

Providing the most accurate, current and reliable information for consumers about our products and services remains among Koç Group companies' fundamental principles. Group companies go beyond the legal requirements in scope

Yapı Kredi: Easy and Transparent Product Information

Legal norms define the contents and usage conditions for financial products. Therefore unlike many other service types, financial products are provided through legal contracts signed with consumers. In addition to that, these services boast technical contents due to their structure. In this regard, in order to enable consumers to make conscious financial product and service decisions, it is important to provide easy to understand, transparent information through sources also easy to access as well as easily accessible consumer support services.

Yapı Kredi shares all the information about its products and campaigns on its website. Additionally, it provides instruments such as sample loan repayment tables for consumers to benefit from more detailed and easy to understand information especially regarding loan products. The information on deposit products is designed in a way to avoid contradictions and enable consumers to compare products and interest rates. Losses or gains that might be caused by the product are shared with consumers in a transparent and easily understood fashion.

and care while preparing the product information content. Taking into account sector-specific requirements and differences, all the companies provide product

information through various methods for consumers. Depending on the product and service type, information practices are implemented either via product labels or information documents. While those instruments are provided either on the product or along with the product for consumers, many informative instruments are also available for access over the company websites. Product information instruments feature product contents besides information on safety and environmental impact too.

Customer Data Security

In line with the Group principles viewing customers as our benefactors, all the Group employees adhere to the essential rule of gaining customers' trust and never weakening it. Within the framework of the close relation built up to increase customer satisfaction constantly and also due to the nature of the services provided, the Group companies get to know their customers more closely and learn much about them. It is a part of our responsibility to use that information only within the framework of the approval granted by the customers and to prevent third parties from accessing when there is no approval with identity verification. The Group companies use state-of-the-art technologies and systems designed according to internationally acknowledged standards to ensure customer information confidentiality and limit the customer information to be used only for the purposes set and allowed.

Providing its products and services for hundreds of thousands customers all over the world, **Arçelik** protects the information it has obtained on systems that are physically and electronically 7/24 secure with limited access permissions besides constant tests conducted against hacking. In an effort to increase employee awareness about the processes complying with the adopted ISO 27001 Standard for Information Security, all the company employees received trainings on various levels depending on their duty qualifications in 2014.

Implementing the Information Security Policy and Protocols formed, **Koç IT Group** companies attach critically higher importance to data security due to the sectors they operate in. They also boast emergency procedures in case information security is under risk. For instance KoçSistem secures data security through systems accredited by the ISO 27001 System Standard while Koç Information and Defense Technologies implement military grade data security protocols as required by the sector it operates in. As for Bilkom providing end B2B and end user services, its online shopping systems boast the highest-level data encryption certificates available.

Operating in passenger and cargo transportation branches of the automotive sector, and defense industry, **Otokar** prioritizes data confidentiality through its processes and systems designed in accordance with the AQAP 2110 NATO Standard, ISO 9001, ISO 27001 and ISO 10002 System Standards keeping the data related to its defense industry and automotive customers safe.

Serving hundreds of thousands customers in banking and other financial sector branches, **Yapı Kredi** operations feature business processes requiring its thousands of employees to access customer information. As a result, the company is responsible for ensuring customer information security not only elements outside the company but also within as far as ethical conduct of its employees are concerned. In this regard **Yapı Kredi** defines Bank Secrecy and Customer Information

Confidentiality through the Code of Ethics and Business Conduct rules while stating that it is the duty of all employees to comply with these rules and report any violation suspect to the related organs. Furthermore, since this is a sector with its customer database used mostly in diverse channels on a considerably large scale, the process for the customers suspecting any violations to notify to the company has been simplified. While the Ethics Unit examines all the applications received in this regard, 113 applications of that nature were made while all the cases were dealt with formally and concluded in 2014.

Customer Satisfaction

Creating customer satisfaction remains a constant common aspect among Koç Group companies' strategic goals. Operating in line with that approach, the Group companies introduce pioneering practices to the sector they operate in and they hence enjoy competitive advantage by ensuring customer appreciation. Annually Koç Holding and Group companies hold customer satisfaction researches to observe the related results from our companies' aforementioned approach. Meanwhile Koç Group companies also enjoy leading positions in their sectors according to the studies conducted by independent organizations.

In addition to the research activities carried out by the Group companies, Koç Holding has conducted the most comprehensive end consumer research involving 20 different sectors regularly since 2003. Covering 21 brands from 12 Koç Group companies and their 120 competitors, 44.090 face-to-face interviews are held in 51 provinces and the results are shared with Koç Holding and Group companies' senior and mid-level managers. The research results are taken into consideration during the company operations and the goals set for improving customer satisfaction are covered by the company managements' performance goals.

In 2014 a research was conducted to carry out improvement activities and

determine **Arçelik** authorized technical service performance and service quality, which resulted in 93.08 Authorized Technical Service Shop Quality score on average over one hundred.

According to a research covering 4,998 consumers in 31 provinces in 2014, the loyalty score for **Aygaz** LPG cylinder turned out to be 77. Therefore **Aygaz** has continued its sector leadership since 2003. Mogaz, a brand affiliated with the Group achieved 74 in loyalty score and came right after **Aygaz** with the highest loyalty score in the sector. Moreover by scoring 80 in an autogas customer satisfaction research conducted in 29 provinces with 3,256 people **Aygaz** has managed to maintain its leading position since 2003. In the same segment Mogaz scored 80 and as a group **Aygaz** reached the highest loyalty score in the research history.

Through over 160 campaigns conducted to enhance customer satisfaction in 2014, **Aygaz** reached over 250.000 LPG cylinder, water and autogas customers. Organized as one of those activities, **Aygaz** Maintenance for Free Days sought to help autogas consumers to benefit from higher performance and comfort while driving their vehicles. Within the scope of the practice, 274 stations in 2014 provided free vehicle maintenance services for 654 days.

Aygaz won the first prize in the LPG Distributors Cylinder Category of the Turkish Customer Satisfaction Index Survey held in 2014.

In the satisfaction surveys held in 2014, Ford Otosan customers expressed their satisfaction as 87.6% in the automobile segment, 85.6% in the light-commercial vehicle segment and 81.4% in the heavy commercial vehicle segment.

Thanks to its activities carried out to enhance customer satisfaction within the scope of the "Travel to Excellence" program, **Opet** was selected as the Company with the Highest Customer Satisfaction for the 9th time in a row in the fuel sector category of the Turkish Customer Satisfaction Index organized by the Quality

Association in 2014. In addition to the practices such as Fuel Assurance System, Online Transaction Centre and **Opet** Mobile Applications, customers appreciated **Opet** Call Centre services too with its 97.5% call-answering rate in 2014.

Customer satisfaction surveys conducted in 2014 showed that **Yapı Kredi** achieved 85% rise in private banking segment, and 69% rise in individual banking segment. **Yapı Kredi** also won the Innovative Owl Award from the Researchers Association of Turkey thanks to its creative practices in 2014.

Otokoç evaluates customer satisfaction levels regarding the services provided in monthly and quarterly periods regularly through the activities carried out by Otokoç Call Centre and the research systems of the companies it has dealership agreements with.

RESPONSIBILITY IN VALUE CHAIN

Koç Group acts with the firm belief in the fact that its corporate sustainability approach could yield the expected results when mainstreamed throughout its entire value chain. In this regard, the Group companies seek to mainstream the responsible approach they show during their operations throughout the value chain with a view to ensuring sustainable development in their overall economic influence sphere created.

Responsible Value Chain Management

A significant indicator for companies' success is the capacity of the value chain they have formed to generate the highest level of added value for the economy. While defining this success, the way the value is implemented stands out as much as how much value is generated. That is why the Group companies do not limit their goal of shaping the future with a view to creating a more sustainable life only to their operations; they also strive to expand their responsible management approach over the entire value chain. For that purpose, the Group companies seek

to get all their related business partners especially their suppliers, contractors, dealers and distributors to adopt primarily their principles for conducting ethical business as well as their operational norms stemming from the commitments made to various international initiatives including the Global Compact. Therefore, the deals signed with the business partners also cover business ethics, quality, environment, human rights, labor norms and principles within the scope of the Global Compact principles. Supplier trainings are among the activities carried out for that purpose. In 2014 Koç Group companies provided 881 person*hour training in business ethics, 22,677 person*hour training in environment, 5,105 person*hour training in social issues, and 1,557 person*hour training in economic issues.

In addition to the practices devised to lend support for progress, activities for achieving control play an important role in ensuring development. Thanks to these activities, business partners' performance to comply with and develop the related operational and achievement norms are evaluated while they are provided with improvement plans when needed. In this regard the supplier audits carried out by the Group companies are emphasized. Covering areas such as quality, environment, business ethics, employee rights, human rights, these audits also manage the sustainability risks throughout the entire value chain. Risk based selection criteria identify suppliers to be included in the audit practices. In this regard 1,200 suppliers were audited in 2014 regarding social, environmental issues and ethics while over 1,200 suppliers were audited for human rights issues. Durable consumer goods sector turned out to be the sector with the highest audit coverage of up to 37%.

Dealer and Supplier Business Success

Achieving success in business life is a big team game. When success is reached throughout the value chain, the value

generated grows along with it. In line with this understanding, Koç Group companies conduct operations focused on helping their business partners in the value chain develop their success further.

Due to the important role the dealer employees directly in contact with the customers play in ensuring customer satisfaction, **Aygaz** provided Excellence in Service and Safety Training on site through its training truck and buses for over 2,200 cylinder gas dealer employees and 918 autogas station pump attendants in 2014. The aforementioned training features subjects such as LPG and the areas it is used, vehicle conversion systems, autogas stations and properties, sales techniques and what should be done to achieve customer satisfaction. Meanwhile **Aygaz** Conversion Club, which brings mechanics responsible for converting vehicles to run on LPG, trained 320 mechanics in 2014.

Activities made by dealers have an important role in the **Opet's** customer satisfaction leadership success for the dealers help the brand meet customers in the first place. **Opet** therefore conducts many capacity development, communication and audit activities in an effort to get its dealers to develop their working norms and business success further. Held in 2014 with the participation of 3,943 employees from 1,087 stations, Station Employees Training Program activities went on for 232 days and featured a comprehensive content ranging from OHS to station management, from **Opet** products and services to quality management.

Opet station audits, which play a significant role in identifying activities to improve performance, are conducted through diverse channels. Mystery shoppers, brand implementation teams, quality control teams, site audit experts, site and regional directors, HQ employee visits, Traveller Project, envoys for flawlessness and our customers are among the stakeholder groups auditing our stations. Brand Implementation Teams visit stations regularly to see if the practices implemented are updated while also au-



Opet

ditioning within the scope of the Clean Toilets Campaign. Organized by an independent company, Mystery Shopper Program ensures that the stations are visited 5 times a year as part of the program.

Opet Envoys for Flawlessness Project is an auditing system composed of 7,389 voluntary **Opet** customers. Included in the project since 2000, the envoys audit the stations to see if they comply with the **Opet** service standards. Envoys for Flawlessness deliver their reviews over channels such as kiosk, web, OIM, iPhone, Android, e-mail and a special line launched for them within the Call Centre. The reviews conveyed are collected in the call center database and once the related analyses have been completed, the directives delivered to the site managers enable immediate intervention in any negative developments especially a decline in service standards. 422 **Opet** Envoys for Flawlessness shared their reviews regarding 1,272 audits in 2014.

Tofaş supports its suppliers to improve themselves in many aspects including product design, organizational & technical development, quality, cost improvement, physical and financial risks, production process improvement and joint purchase, as well as enhancing their competitive power. In this regard **Tofaş** focused on further risk management development especially regarding social, environmental, operational and financial aspects as well as expanding the WCM Methodology in 2014 and therefore undertook orien-

tation activities for suppliers. Within the scope of the activities organized under **Tofaş** Academy, 745 employees from 67 supplier companies received 1,002 person*hour training in 2014. Thanks to the Synergy Supplier Orientation Program launched in 2014, 90 employees from 33 companies were trained on purchasing, project management, quality and logistics processes. The program plans to reach 150 supplier employees in 2015. Additionally, activities are organized to develop the problem solving capabilities of the suppliers that have obtained the 7 Steps certificate. Formed for this purpose, by 2019, Diagnosys 7 Deployment Project is slated for deployment in 35 companies.

In addition to its suppliers, **Tofaş** also carried out operations to develop its dealers' business success, and prepared 8 training modules focused on developing the dealers' business performance through **Tofaş** Academy in 2014. During the reporting year, Dealer HR Project was implemented to help the dealers complete their HR processes with a higher performance, increasing employment satisfaction and loyalty. Moreover, Management Process through Objectives practice was implemented to certify the finance managers from the dealers. 87% of the dealers participated in the first year of this practice seeking to increase dealer operation performances.

Koç Holding is aware of the significance related to the company-dealer-customer relations at the locations where the Group

Companies meet their customers and therefore monitors dealer satisfaction levels regarding the Group Companies dealers work with. Held for the 11th time by the independent research companies in 2014, Dealer Satisfaction Survey covered 6,215 dealers in 81 provinces. Just like the customer satisfaction goals, dealer satisfaction improvement goals are covered by the company management performance goals too.

Ford Development Academy

With its new facility that began providing service in 2014, Ford Development Academy has reached 32,400 person*day training capacity and realized 13,000 person*day training in the first six months of the year with a 60% increase with regards to the previous year.

Users can manage their personal training plans and training competence with the Fodders training management system, which provides interactive interaction and enables competence based development.

The Dealer HR Project, slated for 2015, aims to determine the technical and behavioral competences in dealers with regards to defined positions, to redefine recruitment processes and to start "personality inventory" and "ability test" practices in pilot dealers.

BRIDGING THE PAST AND THE FUTURE: NAKKAŞTEPE CAMPUS

The success achieved by Koç Group rises on a heritage of values dating back to a long time in the past. Koç Holding Nakkaştepe Campus is not only the HQ for Koç Holding but also symbolizes the mission to shape future through the Group's cultural heritage. In terms of providing many opportunities for the employees, Koç Holding Nakkaştepe Campus is a modern working environment where the values from the past are respectfully kept while efficiency and environmental protection practices are developed through the most advanced implementation possibilities available.

HISTORY OF NAKKAŞTEPE CAMPUS

As one of the most precious Ottoman architecture structures, Nakkaştepe Campus was originally built as a manor house in the late 19th century by Mehmet Şerif Pasha, one of the members of the Ottoman dynasty. Damaged on a large scale in a fire probably in the early years of the Turkish Republic, the complex was acquired by Koç Group in 1978 and renovated according to the archive records kept by Prof. Sedat Hakkı Eldem and his invaluable contributions. The restoration work on the Mehmet Şerif Pasha Manor comprising Harem, Selamlık, Ağa Dairesi, Hamam, Ahırlar and Arabacıbaşı annexes were completed finally in 1988. The manor won the Europa Nostra Award in 1991 thanks

to the successful restoration completed true to the original.

HISTORY, NATURE AND TECHNOLOGY IN THE HEART OF İSTANBUL

Located in the heart of İstanbul with a view overlooking the Bosphorus, Koç Holding Nakkaştepe Campus is unique not only due to its historical but also natural qualities. The facilities are built on an area of 23.219 m² while the open areas are completely covered by trees. Also boasting unique qualities in terms of biodiversity, Nakkaştepe Campus is known to be one of the few locations hosting İstanbul's local parrot population in summer.

Apart from its historical and natural value, Nakkaştepe Campus has been acting as the HQ of Koç Holding, the largest private



sector organization of the Turkish economy, since 1988 and therefore hosts hundreds of employees. Nakkaştepe Campus is a successfully integrated synthesis of heritage and modern technology because while the historical and natural fabric is maintained, state-of-the-art technologies were used to create an ergonomic, safe and secure working environment for business operations.

EXEMPLARY EFFICIENCE

Nakkaştepe Campus has a very limited resource consumption and environmental impact level since it is not a production facility. However, the campus sets an example as it is home to Koç Holding HQ and reflects the integrated view of the company on efficiency and environmental

management. Therefore projects are produced continually to minimize resource consumption.

The wastewater recycling and automated heating systems introduced in 2014 saved 12 thousand m³ of water and 25 thousand m³ of natural gas. The goal is to continue projects to install rainwater harvesting, efficient illumination and heating systems in 2015.

WORKING ENVIRONMENT THAT SUPPORTS HEALTHY AND ACTIVE LIFE

Nakkaştepe Campus provides diverse social and sportive activity opportunities for the employees. Next to the campus is Bağlarbaşı Woods, also owned by Koç Holding, covering 120,000 square meters of land with thousands of trees, and the

glamorous Abdülmecid Efendi Pavilion built in 1880-1885 for Khedive of Egypt Ismail Pasha. Available for all Koç Group employees and their guests to use, the woods boast a 1,600 meters-long track suitable for walks and running in all seasons while the natural tracks offered by the woods are available in summer.

The facilities located within Bağlarbaşı Woods also host Koç Group Sports Club. The facilities feature a synthetic pitch for soccer, a basketball court, tennis courts, a golf course, closed sports studios for sports such as gymnastics, pilates and aikido as well as photography, ceramics and painting workshops. Moreover a cafeteria, a picnic area and a playground for children are available for the visitors to spend time in during their visits.

“I live and prosper with my country.”

Our Founder Vehbi Koç

EMBRACING THE COMMUNITY

History of Koç Holding identifies with the history of the Turkish society taking a huge leap ahead for development with the dream of establishing a modern, developed welfare society. As one of the pioneering enterprises of an industrial sector built from the scratch, Koç Group accepted the responsibility of growing constantly to ensure that the Turkish society benefits from the modern products, services and capabilities provided by the developed world. Due to this responsibility taken on at the very start, we regard success not only as an economic indicator but also as a debt we owe both to the community we operate in and to the future generations.

With its operations having reached further beyond Turkey's borders and now quoted as among the largest corporations in the world, Koç Group seeks not only to achieve commercial and operational success, and constant growth but also to lend its support to the social, economic and cultural development of the communities living on the geographies we operate in through the level of competency and benefits we have gained. Therefore as far as we are concerned, the measure of success is not only Koç Group's development but also the support we provide for the development of the communities we operate in.

SOCIAL INVESTMENTS

Regarding access to products and services in education, health and sports as a fundamental human rights, Koç Holding

believes that private sector needs to play a special role in helping the majority of the society have access to such services especially in developing countries. Therefore, in line with their corporate citizenship principle, Koç Holding and the Group Companies consider lending their support in that sense for the development of the communities living on their operation geographies as an essential aspect of their work.

In 2014 Koç Group Companies carried out 84 social responsibility projects and 111 sponsorship activities in an effort to increase social welfare in their operational geography. Koç Holding, Vehbi Koç Foun-

dation and Koç Group Companies seek to provide benefits that could be measured in all the projects they carry out through tangible performance indicators, creating long-term value by expanding the projects to their employees and all the value chains.

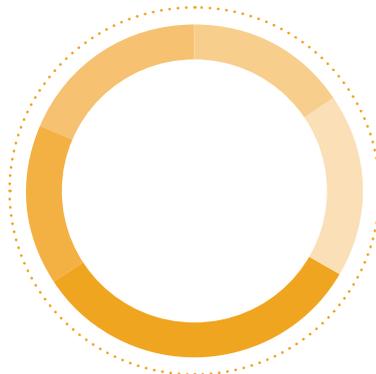
For My Country

As one of the finest examples of the corporate social responsibility activities carried out by Koç Group with all its employees and dealers, “For My Country” project is an umbrella project launched in 2006 Aimed at expanding our understanding of social responsibility to individuals.

Carried out in cooperation with the Alternative Life Association and the UNDP in 2012-2015, the “No Barriers for My Country” project has sought to create awareness about disabled people, improving their quality of life both in their professional as well as social lives. Within the scope of the “Right Approach towards Disability” trainings given, 372 voluntary trainers were trained and 2,433 trainings were held. Up until December 2014, 125,982 people were reached in total as a result of these trainings held in various locations in our 36 provinces through our 34 Koç Group Companies and dealers volunteering in the For my Country project.

As set by the project goals, the change of perception among the employees triggered the development of projects that would increase the quality of life for the disabled people at the workplace. The human resources procedures of our com-

Distribution of Social Responsibility Projects in the Reporting Period by Area



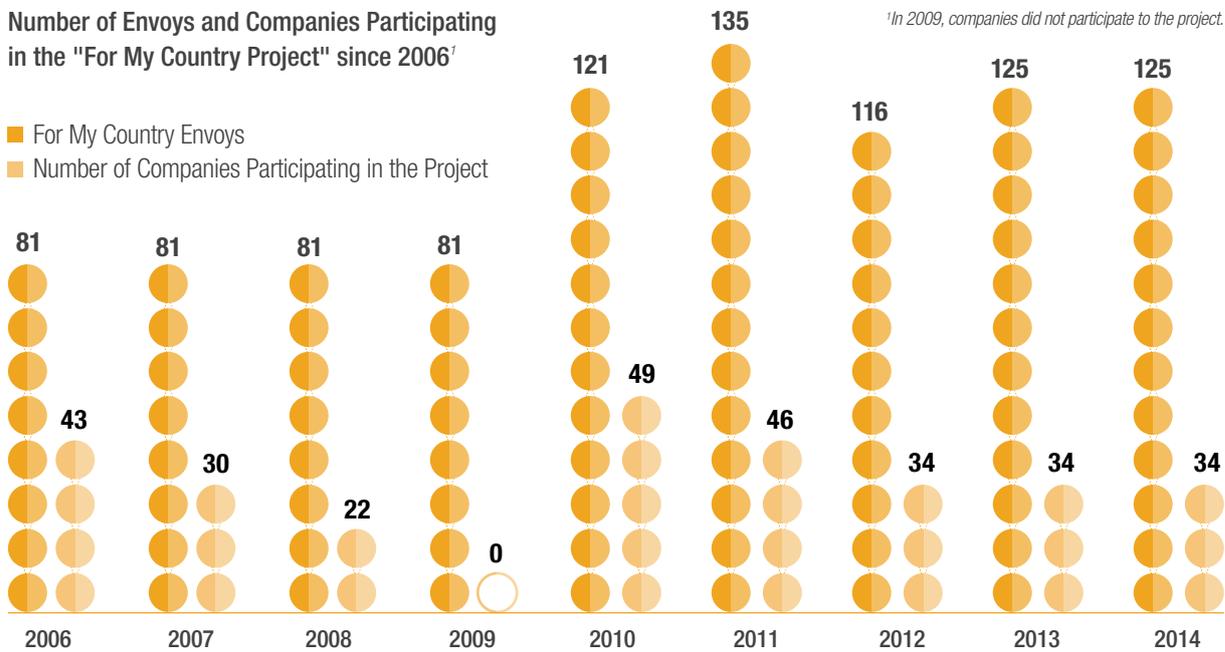
■ Education	56.32%
■ Sports	27.16%
■ Arts & Culture	32.18%
■ Health	27.16%
■ Environment	31.18%



No Barriers for My Country Ford Otosan Practice

Number of Envoys and Companies Participating in the "For My Country Project" since 2006¹

- For My Country Envoys
- Number of Companies Participating in the Project



panies were revised in a way to watch out for the disabled individuals while Koç Group Companies added "Right Approach towards Disability" trainings to their orientation programs. Apart from that, an article stipulating "Being Disability-Friendly" was introduced to the procedures required for opening new dealers, stores and branches. Moreover, 1,361 different activities were carried out as part of another goal of the project to make physical environments "Disability-Friendly". As a crucial part of the project, Koç Group Companies have achieved major achievements in terms of accessibility features of their products and services for disabled consumers.

Koç Companies and "No Barriers for My Country"

In collaboration with Koç Holding and Tohum Autism Foundation, Koç Holding provided trainings for the trainers working at the İstanbul Provincial Directorate of National Education Beylikdüzü Special Education Work Practice Centre apart from also providing Inclusive Education studies held in 20 schools located in Beylikdüzü borough.

Koç University Nursing College established Support Centre for the Disabled Children and Their Families (EÇADEM) through the funds it received from İstanbul Development Agency.

A number of activities were held in 2014 to turn **Arçelik** plants and authorized dealers into disability-friendly places. A pool of ideas for a disability-friendly products portfolio was formed while projects continued for disabled-employee recruitment and disabled people working from home. Additionally, **Arçelik** implemented "Reading out for You" project in cooperation with Boğaziçi University Technology and Education Center for the Visually Impaired (GETEM). The study supported the establishment of an "audio-book library" for the visually impaired people. The promotion video launched to get



Opet Traffic Detectives Project Practice

Arçelik authorized dealers to support the project is also shared through Dealer TV.

Arçelik carried out "Photography Training for the Physically Handicapped Individuals" in collaboration with the Association for Solidarity with the Physically-Handicapped (BEDD) and Photographymeter Association. **Arçelik** also continued to support "Sign Language Teacher Training Management" project focused on increasing the currently too limited number of sign language trainers. Thanks to the training, an **Arçelik** employee also won the right to be a Sign Language Teacher.

Aygaz made its ordering system voice-supported with the support of its dealers in order to make it easier for the disable individuals to place orders for cylinders easily.

Ford Otosan Yeniköy Plant started production in 2014 as 100% Disability-friendly from the very first day. During the same year the plant won the first prize in the "Appreciation of Work Force Diversity" category of the "Chairman's Leadership Awards for Diversity" event held by Ford annually to create awareness for tolerance towards diversity and differences. 55% of the physical conditions of the Ford Dealers have become disability-friendly places while activities continue to make 100% of the current dealers disability-friendly. Moreover, Kocaeli University VKV **Ford Otosan** Gölcük İhsaniye Automotive Vocational High School has been built as a disability-friendly facility.

Otokar provided "Right Approach towards Disability" training for the bus drivers in cooperation with Sakarya Metropolitan Municipality while also providing photography training for the disabled people in cooperation with the Sakarya New Life Paralympic Sports Club.

Tüpraş hosted a special group of 100 disabled children as part of the **Tüpraş** hosted a special group of 100 disabled children as part of the **Tüpraş** Batman April 23rd Children's Festival. **Tüpraş** also lent its support for the National Association for People with Down's Syndrome "I have a Special Education Classroom" project carried out in collaboration with the İzmir Provincial Ministry of National Education. The project seeks to ensure that the disabled children continue their primary school education without disruption and help them integrate with the social life. As part of the project, a classroom in the 80th Anniversary Çamlık Primary School was converted into a disability-friendly classroom.

TürkTraktör donated tractors for the AYDER's "Alternative Camp" project in 2014 while making educational lives of children at Sincan Özken Akbilek Primary School easier thanks to a special disability-friendly classroom established.

Yapı Kredi launched "Type B Funds for My Country". Close to 70% of the revenue generated by this investment fund is transferred directly to the projects focused on making the schools accessible for the disabled students. Hence the investors are able to add a new product to their portfolio

Opet Traffic Detectives Project

Launched with the support of **Opet** and in collaboration with the Ministry of Family and Social Policies, Ministry of Domestic Affairs, Ministry of National Education, Directorate of Religious Affairs, Turkish National Police and Police Spouses Association for Inclusion and Cooperation (PEKAY), "Traffic Detectives Project" seek to raise the future driver candidates as individuals that are very well-familiar with the traffic rules and are capable of taking responsibility in that respect. As part of the project, trainings in 9 main areas are provided first for teachers and then for children and young people so that a lasting solution to prevent traffic accidents is created. Children and young people are given "Traffic Detectives" title in an effort to help them developed a conscious behavior model for traffic.

So far over 1.2 million students have been trained about traffic safety within the scope of the project and earned the title "Traffic Detective". Seeking to create awareness about traffic safety among 1,5 million children and teenagers aged 3-17 from 81 provinces all over Turkey, "Traffic Detectives" project also plans to reach their parents indirectly.

lio that generates revenue for them while also supporting the project through **Yapı Kredi** without having to pay an extra fee. Additionally, support was provided for converting an idle village school in Ovakent Ödemiş to a school for the mentally challenged. <http://www.ulkemicin.com.tr/>

İHSANİYE OTOMOTİV MESLEK YÜKSEK OKULU AÇILIŞ TÖRENİ

8 Ocak 2014 İhsaniye, Kocaeli

FORD OTOSAN



Vehbi Koç Vakfı



Ford Otosan İhsaniye Automotive Vocational High School Opening Ceremony

Kocaeli University VKV Ford Otosan Gölcük İhsaniye Automotive Vocational High School

Started by **Ford Otosan** and Vehbi Koç Foundation within Kocaeli University, Gölcük İhsaniye Automotive Vocational High School opened in 2014. Established as part of the studies that have been undertaken since 2006 within the scope of the "Vocational Education: A Crucial Matter for the Nation" project, Kocaeli University, Gölcük İhsaniye Automotive Vocational High School seeks to score a first time in higher education by introducing applied vocational education concept so that qualified workforce could be provided for the automotive sector while contributing to training high quality workforce and increasing recruitment of young people.

SUPPORT FOR EDUCATION

VKV Education Scholarships

Aimed at contributing to ensuring equal opportunity in education, Vehbi Koç Foundation supports talented young people that are economically disadvantaged. The foundation has reached over 50 thousand students through scholarship programs up until now and provided scholarships for 60,87 students in the 2013-2014 education term through the scholarship programs managed by its HQ and its offices.

Koç University

Since the very first day it was established, Koç University has been among the most respected universities in Turkey. The university contributes to the development of science in Turkey and in the world with its 22 undergraduate, 31 graduate and 16 doctorate programs. 22 faculty members of Koç University received the most distinguished awards for science and research in 2013-2014 academic year. According to the Times Higher Education World University Rank-

ings 2014, Koç University ranks among the 350 global universities. Koç University also ranks 41st in the Times Higher Education Top Universities Aged Under 50 list, 40th among the Asian Universities list, and 20th on the BRICS & Emerging Economies list.

The Koç School

With its high school section started in 1988 and elementary school section started in 1998 by Vehbi Koç Foundation (VKV), The Koç School 2014 graduates not only turned out to be the class in the history of the school with the highest number students to continue their education abroad but also the class with the highest number of scholarships won.

KidZania – Earthquake Simulation Centre

Supporting projects that have a positive impact on children's development and create generations with higher awareness levels by making teaching fun has always been among the prioritized issues for Koç Group. In that respect Koç Hol-

ding supports KidZania by means of an earthquake simulation center. Launched in cooperation with Boğaziçi University Kandilli Observatory, the project first gives participants a theoretical lesson and then enables them to participate in an applied program during and after the earthquake experience provided.

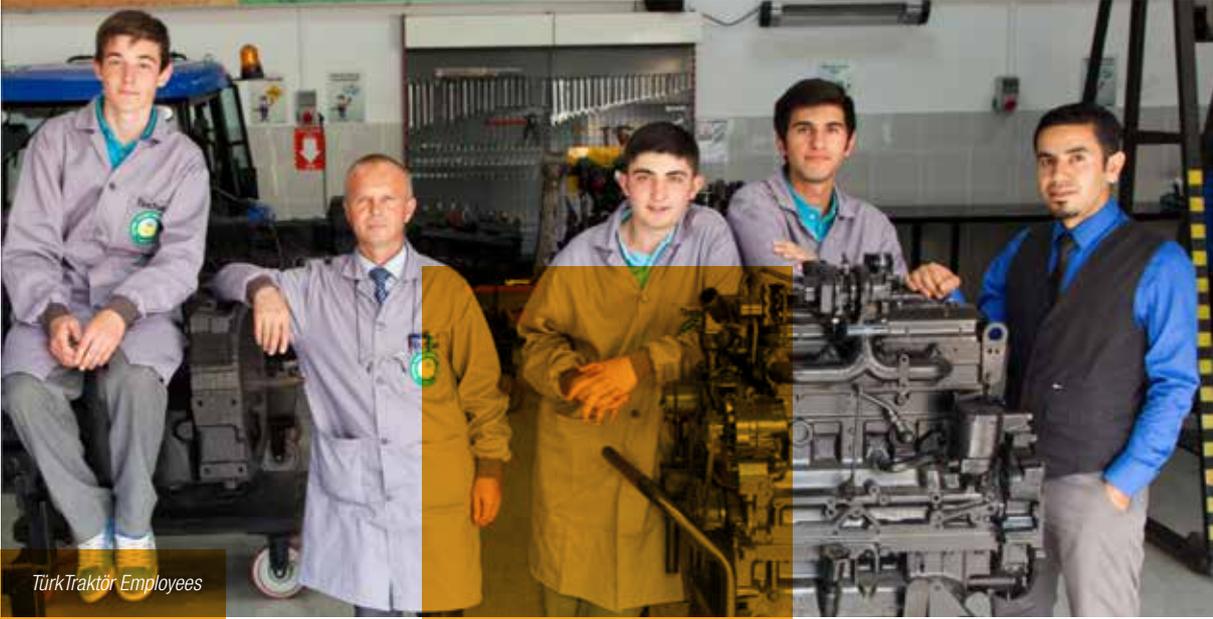
Support for Vocational Education from Koç Companies

Vocational Education: A Crucial Matter for the Nation Project, carried out for seven years by Koç Holding in cooperation with Ministry of Education and Vehbi Koç Foundation, finalized in 2013. However Corporation – School Cooperation models implemented for the project by Group Companies are still in practice.

Electrical Home Appliances Technical Training Program - Arçelik Laboratories

Firmly believing in the fact that educational activities create the highest value-added for social development, **Arçelik** devised "Electrical Home Appliances Technical Service Program" Aimed at strengthening the relationship between vocational education and employment as well as training workforce that is familiar with the developments and new technologies regarding electrical home appliances industry in Turkey.

In the 2011-2014 period within the scope of the project, **Arçelik** Laboratories were established in 9 schools located in Istanbul, Diyarbakır, Trabzon, İzmir, Ankara, Bursa and Tatvan. As part of the project,



TürkTraktör Employees

students are provided with the opportunity to do internship at **Arçelik** authorized service shops and among those students that wish to work at **Arçelik** Authorized Service Shops or the Company are certified and recruited once they have completed certain stages successfully and are certified accordingly.

Fiat Labs

Established within the scope of the Vocational Education: A Crucial Matter for the Nation project in collaboration with the Ministry of National Education General Directorate for Vocational and Technical Education, Fiat Laboratories seek to create the workforce with the capability to handle the technologies required by the automotive sector. As of 2014 806 students and teachers benefited from the Fiat Laboratories available in 11 vocational high schools in 9 provinces. 70 graduates, 9 of whom were female, in 2014 found the opportunity to work at Fiat authorized service shops in 2014 while 330 students meeting the required conditions and used the laboratories received scholarships provided by the Vehbi Koç Foundation. Within the scope of the practice, students and teachers receive technical and behavioral trainings over **Tofaş** Academy portal while students' personal rights are recorded so that the graduates could be given priority to be hired at the authorized service shops or plants. As part of the in-service training program prepared for the laboratory teachers, they not only receive technical and behavioral trainings but are also trained regarding social

TürkTraktör Agricultural Machinery Laboratories

In line with the collaboration devised following the school-enterprise twinning model introduced within the scope of the "Vocational Education: A Crucial Matter for the Nation" (MLMM) project, "**Türk-Traktör** Agricultural Machinery Laboratories" were established in Ankara Gazi Technical and Industrial Vocational High School, Amasya Gökhöyük Agricultural Vocational High School, Şanlıurfa GAP Agricultural Vocational High School and Bursa Osmangazi Agricultural Technical and Vocational High School. A first time was scored with the opening of those laboratories while they will also be available for the benefit of the farmers in cooperation with the Ministry of Food, Agriculture and Animal Husbandry. The laboratories opened seek to enhance the quality of vocational education regarding agricultural machineries, meet the need for qualified staff in the sector and create awareness among farmers for the safe use agricultural machineries. **TürkTraktör** recruited 4 people in 2014 as part of the project.

responsibility projects. The 8th In-Service Training Program was offered in 2014, and 700 vocational high school students benefited from the programs to date.

During the reporting period **Tofaş** donated close to 250 electronics and mechatronics parts to the Fiat Laboratories so that the students could be trained with the special equipment for **Tofaş** brands.

Moreover, all Fiat laboratories gave "Engine rejuvenation", "Spare parts", "Opar Olio Lubricant" trainings and 6 schools visited **Tofaş** plant.

Tofaş Science High School

Established by **Tofaş** in Bursa with the collaboration of Demirtaş Organized Industrial Zone (DOSAB), **Tofaş** Science High School was opened in the 2014-2015 school year. Composed of 16 classrooms, 70 dormitory rooms with a total capacity of 280 people and a sports hall, the high school has 384 students.

MEGEP Project for Strengthening Vocational Education and Training System

Signed with the Ministry of National Education within the framework of the **Tüpraş** Technical Education Program, the protocol covers collaboration for training staff in Refinery and Process branches under Chemistry Technology Area.

Koç Group Companies Support for Education

Koç University Anatolia Scholarship Holders Program

Many Koç companies lend their support for the scholarship program enabling young and needy people throughout Turkey. Six young people from Sivas, Batman, Bursa, İzmir, Osmaniye and Malatya continue their education at Koç University thanks to the scholarships provided by **Tüpraş**, which has supported the project for 4 years, within the scope of the pro-



*Little Hands Holding Pencils by
Tüpraş Project Practice*

ject. Lending its support for the program, **Tat Gıda** supports the 5-year university education of 2 girl students. Moreover, **TürkTraktör** provided the necessary financial support for the two bright and needy students at Koç University throughout their educational program of 5 years in line with a protocol signed in 2012 with Koç University. In 2014 **Arçelik** also provided scholarships within the scope of the program and supported the university education of 2 students.

During the year, **Opet** provided scholarship to 264 students. 4 of these students received scholarship within the scope of Anatolia Scholarship Holders Program, while 10 of them received under MLM.

93 Thousand 300 Children Had Fun and Learned at the Same Time with Fireflies in 7 Years

Educational Volunteers Foundation of Turkey (TEGV) Firefly Educational Program seeks to enable children to develop their emotions and skills such as self-confidence, feeling valuable, self-expression, creativity and empathy while helping them feel themselves valuable as individuals. Shaped by TEGV on those fundamental aspects, 5 Firefly Mobile Learning Unit operations have been sponsored by **Tüpraş** since 2008 while **Aygaz** has sponsored 2 mobile units. In 2014 the number of children reached through the Firefly mobile units turned out to be 13,635 while the total number of children reached since 2008 has amounted to 93,300.

“I Read and I Play” with Yapı Kredi

Carried out by Yapı Kredi in collaboration with the in Educational Volunteers Foundation of Turkey (TEGV), “I Read and I Play” project seeks to improve children’s reading skills through 10 educational parks, 40 learning units and 684 volunteers. The project has reached 120,000 children since 2006.

In 2014 “Colorful Pencils” daily was issued as a communication activity of the “I read and I Play” project. The children that received “I Read and I Play” training at 10 TEGV educational parks began to experience issuing dailies under the coaching of experienced journalists. In 2014 the project began in Ankara, Gaziantep, İstanbul, İzmir, Samsun and Van while the goal is to complete it with the other cities in 2015.

April 23rd 7th Tüpraş Batman Children’s Festival

Planned as one of the events organized within the scope of the One Hundred Smiling Faces – Umbrella Movement project developed by Batman Refinery volunteers in 2008, April 23rd Batman Children’s Festival was held once again so that children could enjoy the April 23rd Children’s Day as a true festival in collaboration with the Batman Governorship and Provincial Directorate for National Education. 1,500 students from Batman provincial schools and Educational Volunteers Foundation of Turkey 50th Anniversary Learning Unit.

Since 2008 16 thousand 500 children have been welcomed as part of the project to celebrate the April 23rd National Sovereignty and Children’s Day.

Batman Children’s Festival won the “Most Successful Koç Employees” award for the project team members, who in turn used the award for children again and organized a trip to İstanbul for the children. 29 students from the schools around Batman Refinery participated in the trip along with 6 teachers.

Little Hands Holding Pencils Campaign by Tüpraş

Launched as an initiative carried out by **Tüpraş** employees within the scope of the “Leader and People Social Responsibility Project”, “Little Hands Holding Pencils” campaign sought to support the efforts to increase the quality of education provided to our children, the future of our country, and 30 thousand TL raised thanks to the support of the Petrol İş Trade Union and 1,000 employees was donated to the Educational Volunteers Foundation of Turkey (TEGV).

Audio Book by Yapı Kredi Publications

In 2014 **Yapı Kredi** continued a special project launched for the visually impaired people. Thanks to a study started in collaboration with Technology and Education Center for the Visually Impaired (GETEM) and SESTEK, all the new books published by **Yapı Kredi** Publishing House became available on the internet and via a special phone line for the visually impaired people. In late 2014, 93 books were transferred to



Koç University Hospital

digital environment as a result of the project while the number of books covered by the project increases day by day. The project gives the visually impaired people the opportunity to freely enjoy books at the same time with everyone.

Turkey's First Electric Bus Otokar Doruk Electra is on University Campuses

Designed and manufactured by **Otokar**, Turkey's first electric bus "Doruk Electra" was provided for the students on İstanbul University, Yıldız Technical University and İstanbul Technical University campuses so that they could test it while using it for transportation. **Otokar** also established stands on these campuses to promote the technology used by Doruk Electra so that the students are introduced to modern technologies reached by the automotive sector. During the activities, 3,480 people received information directly while Doruk Electra carried 7,855 passengers in total and covered 476 km.

SUPPORT FOR HEALTH

Vehbi Koç Foundation Health Organizations

Providing healthcare services in Turkey and the nearby region under Northern American standards with their approximately 3000 healthcare professionals, know-how, corporate structure and state-of-the-art technologies, Vehbi Koç Foundation Health Organizations include the American Hospital, Koç University Hospital and MedAmerican Medical Center.

Established with the ideal to form one of the leading projects in the world in its area, Koç University Hospital is the education, practice and research hospital of the Koç University School of Medicine. The hospital is composed of the campus buildings and research laboratories and general university units for the Koç University School of Medicine and High School of Nursing as well as a large healthcare complex of 250 thousand square meters including children's and oncology specialization hospitals, student dormitories and faculty member lodgings. The first phase of the Koç University Hospital was finished and opened in September 2014.

Semahat Arsel Nursing, Education and Research Centre (SANERC)

Established under Vehbi Koç Foundation American Hospital in 1992, Semahat Arsel Nursing, Education and Research Center (SANERC) was taken over by Koç University School of Nursing in 2004. Since its launch, hundreds of healthcare staff have participated in the training and certificate programs constantly organized by SANERC. The only center in the region with the ANCC international accreditation, SANERC also provides continuing training programs after graduation.

From Battles to Hospitals: A History of Nursing in Turkey

Published by Vehbi Koç Foundation as the only book written on the subject, From Battles to Hospitals: A History of Nursing was welcomed by readers in 2014.

Support for Health by Koç Companies

Arçelik Darülaceze School of Life

As the largest charity organization in Turkey, Darülaceze started "Darülaceze School of Life" with ten former teachers selected from among the Darülaceze residents so that they could transfer their life experience to future generations. A group of 25 people comprising **Arçelik** senior managers and İstanbul dealers shared the experiences of a different resident in a different lesson for eight weeks within the scope of the project.

Diabetic Children with Aygaz

Organized by the Association of Diabetic Children and Adolescents and supported by **Aygaz**, The Diabetic Children's Camp was held for the 22nd time in 2014 with the participation of 100 diabetic children. Sponsored by **Aygaz** since 2004, the camp is one of the first health camps devoted to children in Turkey and helps them learn how to live in a self-sufficient way while making new friends.

Aygaz Women's Health Training Program

Aygaz has carried out activities for long years to create awareness among pregnant women and mothers about their health and infant health in cooperation with the Turkish Family Health and Planning Foundation (TAPV) in an effort to enhance quality of life for mothers and infants while also reducing the mortality rate both for mothers and infants.



Vehbi Koç Award Ceremony

13th Vehbi Koç Award

Given since 2002 by Vehbi Koç Foundation to encourage individuals and institutions contributing to the enhancement of the quality of people's lives in the categories of culture, education and healthcare respectively every year, Vehbi Koç Award went to Prof. Dr. Zeynep Çelik this year in the culture category.

As one of the leading architectural historians in the world, Prof. Dr. Zeynep Çelik studies Ottoman urban architecture and cultural history and is currently a member of the New Jersey Institute of Technology (Newark, New Jersey, the US) Faculty of Architecture and Design.

The scope of the "Safe Motherhood Project" has been expanded further and support is provided for the "Women's Health Training Program" (KSEP) formed to improve the awareness of health and quality of life for the families that have limited income and education, and have moved or had had to move to the cities. In 2014 85 groups were started within the scope of the trainings given in 19 provinces and 1,453 women received participation certificates for the program. So far the project has reached 5,953 women in total.

Ford Otosan, KoçSistem and Otokar Blood Donation Campaigns

Held regularly every year, **Ford Otosan** blood donation awareness raising campaigns seek to increase social sensitivity and awareness of the employees about

donating blood. 738 units of blood were donated to the Turkish Red Crescent within the scope of the campaign in 2014.

Thanks to the collaboration with Turkish Red Crescent, **Arçelik** donated 403 units of blood, KoçSistem donated 111 units of blood and **Otokar** donated 188 units of blood during the year.

Otokar carried out an additional blood drive campaign as a sequel to the "I Donate My Blood for My Country" project started in 2010 and donated 188 units of blood in 2014.

Opet Clean Toilet Campaign

Aimed at establishing an awareness of hygiene in Turkey, **Opet** continues its activities and has continued "Clean Toilet Campaign" for 14 years. Within the scope of the project, the employees at **Opet** fuel stations have been trained, and the toilets have turned into hygienic environments while toilets for the disabled people have been fitted. Moreover, the gas stations have been fitted with units for changing diapers and cartoons, while videos have been prepared to train children and adults.

In collaboration with the Ministry of National Education and the Ministry of Culture, students and teachers have also received training at school. Moreover **Opet** has transferred its entire know-how and experience gained from the "Clean Toilet Campaign", which has expanded day by day, to the Turkish State Railways (TCDD) thanks to the "Cleaning on the Rails Project". Additionally a social responsibility project about

clean toilets, hygiene and saving water has been carried out with SASKİ, which is responsible for providing water and sewerage services in Sakarya Metropolitan Municipality. In 2012 the project expanded abroad upon an invitation from Saudi Arabia and 4,800 students and teachers at the Turkish schools in 4 Saudi Arabian cities received training. In 2013, 750 students and 60 teachers were trained upon an invitation received from Macedonia. In the same year the **Opet** standards were taken as basis while the Turkish Standards Institute set the obligatory standards for all the public toilets. **Opet** Training Team continued to train people as part of the project and reached 72 provinces covering over 5.5 million KM. Over 8 million people received training on the proper and clean use of toilets thanks to 5,500 hours of training. In 2014 41,050 people received training on cleaning and hygiene within the scope of the project. **Opet** Clean Toilets Campaign, which introduced a new perspective on the understanding of hygiene, was awarded in the Inspire category of the Gamechangers awards organized while also winning the Efficiency Award given by the Turkish Confederation of Employer Associations.

Support for Arts and Cultural Heritage

Suna-İnan Kiraç Research Institute for Mediterranean Civilizations (AKMED)

Established in Antalya Kaleiçi as part of Vehbi Koç Foundation in 1996, Suna-İnan Kiraç Research Institute for Mediterranean Civilizations (AKMED) restored another Kaleiçi house and made it available



Bilkom History Comes to Life in 3D

for visits in 2014. Moreover, the transfer of the AKMED visual archives to an up-to-date program has been completed so that approximately 15,500 photographs, slides, stereoscopes and postcards became available for the archive users.

Koç University Vehbi Koç Ankara Studies Application and Research Centre (VEKAM)

Operating in Ankara, VEKAM was taken over by Vehbi Koç Foundation to enable it to carry out academic studies on Ankara in 1994. In 2014 VEKAM became affiliated with Koç University, and earned the status of a research center. Within the scope of the 20th anniversary celebrations held for VEKAM a symposium titled Universities and City Research Centers was held. The exhibition titled 20 Years of VEKAM featured the events, publications, library and archive collections of VEKAM since its first day and sought to document the 20 years of the Center.

Sadberk Hanım Museum

The collection of Sadberk Hanım Museum boasts the richest Turkish and Islamic artworks collection except for the state museums. Titled “Shoes from Sadberk Hanım Museum Collection”, the thematic exhibition for 2014 featured mainly shoes and slippers from the late-Ottoman period while also covered fewer number of shoe examples from Central Asia, Iran, Northern Africa, India, Europe, and the early years of the Turkish Republic.

In 2014 an educational package of three books was prepared within the scope of the “To the Museum!” project devised by Sadberk Hanım Museum for children. These activity books seek to help children discover and learn about the history of archaeology and the history of arts.

Contemporary Arts Museum

As one of the most important arts project by Vehbi Koç Foundation for the future, the contemporary arts museum project is designed not only as a cultural center easily accessible in downtown but also as a place for learning, education and spending quality time. The museum will feature Vehbi Koç Foundation Contemporary Arts Collection, and host temporary contemporary art exhibitions throughout the year. Construction of the museum will begin in 2015 and the museum is planned to be opened in 2017.

İstanbul Biennial

Koç Holding is the sponsor of the International İstanbul Biennial, organized by İstanbul Foundation for Culture and Arts (İKSV) as a contemporary art event focused directly on social issues, in the period of 2007-2016 for 10 years.

The goal of the sponsorship is to create awareness especially among young people about the recently discovered contemporary arts in Turkey and encourage people that are yet to get to know contemporary arts so as to revitalize the interest shown in contemporary arts.

History Comes to Life in 3D with iVisit Anatolia Application

Bilkom continued its collaborations to ensure the sustainability of its mobile technology-focused corporate social responsibility project “History Comes to Life in 3D”, which was implemented in 2013 with the Pergamon stage. Thanks to the project support, Pergamon made its way to the “UNESCO World Heritage List” in 2014.

13th İstanbul Biennial was held under the title ‘Mom, am I a barbarian?’ and enjoyed a record number of visitors, 350,000, thanks to Koç Holding’s support making it free for all visitors to enter.

Among the art activities organized in Turkey today, İstanbul Biennial has become the most attractive and well known abroad. The contributions made to the Biennial are also made to the brand of İstanbul.

International Nasreddin Hoca Caricature Competition and Symposium

Aimed at supporting the social development of various art branches and successful representation of our country in different areas abroad, Koç Holding has been the main sponsor of the International Nasreddin Hoca Caricature Competition organized by the Cartoonists Association since 2008.



18th Yapı Kredi Afife Theatre Awards

Held annually since 1997, Afife Theatre Awards event was organized for the 18th time in 2014. The awards go to winners in 14 categories and this year "The Rise of Arturo Ui" won the Most Successful Production of the Year Award while Prof. Dr. Zehra İpşiroğlu received the **Yapı Kredi** Special Award.

Koç Companies' Support for Culture & Arts

Sevgi Gönül Theatre Days by Aygaz

Aygaz has supported Koç University Sevgi Gönül Theatre Days since 2006 and continued its support in 2014 too. The festivals organized throughout the year featured performances staged by university theatre companies as well as by professional theatre companies and talks by actors and actresses, playwrights and directors apart from workshops held.

Ancient Sagalassos City Excavations and Restoration

Since 2005, **Aygaz** has supported the excavation of the ancient Sagalassos city located on the foothill of Toros Mountains with a history of its first settlements dating back to 4200 BC. Once the restoration studies have been completed in 2016 as planned, the upper Agora will achieve urban integrity on an architectural level and will turn into one of the most easily understood ancient city centres.

Aygaz Library and Ottoman Period Diplomatic History

In order to recapture the historical and cultural heritage of our geography and convey them to future generations, **Aygaz** continues the "Aygaz Library" project. Continued since 1996 by **Aygaz**, the project has so far introduced 14 works to the culture & arts life. **Aygaz** is publishing the information and documents compiled from the Ottoman archives through the Ottoman Period Diplomatic History project. Within the scope of the project, 32 books have been published so far with the Sadberk Hanım Museum.

Support for excavations in Van Castle

Since 2010 **Aygaz** has supported the Van Castle mound excavations carried out in collaboration with the Ministry of Culture and Tourism and Istanbul University. The most comprehensive activities in the year 2014 continued on the northern areas of the Van Citadel, also known as the Old Van Town. The excavations have revealed houses that are believed to have belonged to Urartian tradesmen or aristocrats.

Maydos Kilisetepe Excavations

Since 2012 **Aygaz** has supported the Maydos Kilisetepe Mound Excavations

carried out in collaboration with the Ministry of Culture and Tourism and Çanakkale 18th March University. In 2014 activities continued on the layers corresponding to the different periods in the different parts of the mound.

Support for İKSV Theatre Festival

Aygaz, **Opet** and **Tüpraş** seek to bring the universal vale of the arts to our country through International Istanbul Theatre Festival, hence promoting Turkey in the international arena by means of arts too. The theatre festival has been supported on main sponsor level since 2004. Within the scope of the festival close to 100 shows were staged by 7 groups from abroad and 35 groups from Turkey on 13 different venues in 2014.

Ford Otosan Handicap-Free Theatre Club

Handicap-Free Theatre Club seeks to create awareness in society and help the disabled, socially disadvantaged employees to participate in social life by means of arts. Within the scope of a project launched by the club, the actors on the stage demonstrate the importance of sign language and teach the audience some of the key sign language words through a number of shows they have prepared. Composed of 26 **Ford Otosan** employees, the theatre group reached close to an audience group of 1,000 people with their plays titled "Mad Dumrul" and "I Close My Eyes and Do My Duty".



Turkey Koç Fest University Sports Games

Opet Respect for History Project

Opet Respect for History Project has led to a great change within the borders of the Gallipoli Peninsula Historical National Park since 2006. As part of the project, arrangements were made in 2014 in the region where the Battle of Dardanelles took place so that the Gallipoli Peninsula could maintain its natural texture and impart a modern look at the same time. Alçıtepe, Seddülbahir, Bigalı, Kilitbahir, Kocadere, Behramlı, Büyük Anafarta villages and Eceabat borough came to enjoy a new face as a result. Modern sections for making sales were set up within the scope of the project renovating the town squares and façades of the houses. Saplings were planted in the villages, the current museums were renovated and the villages that lacked museums came to boast new museums and culture centers. Thanks to collaboration established with the public education centers, personal development trainings were organized while a park designed as an open-air museum was established in Eceabat. Titled "Respect for History", the part was decorated and equipped to show all the details of the Dardanelles Battle. What is more, the renovation activities of the martyrs' cemeteries for the 57th Regiment and Akbaş have been completed.

Opet Exemplary Village

Aimed at increasing awareness in society, OPET "Exemplary Village Project" not only seeks to ensure that villages

Turkey Koç Fest University Sports Games

In order to create a festival devoted to students and to make it traditional while taking music and fun to university campuses, Koç Holding and Group Companies started Koç Fest in 2006. In 9 years Koç Fest organized 82 festivals in 32 cities.

With the belief that sports increase the quality of life in a society, Koç Holding became main sponsor for the "University Sports Games" event organized by the Turkish University Sports Federation in 2009. Increasing the interest shown in amateur branches and encouraging everyone to be involved in sports has been among the top Koç Fest priorities since 2009.

Annually 22,000 sportspeople from 185 universities participate in over 45 branches within the scope of the Turkey Koç Fest University Sports Games. With the support of Koç Holding, a portion of the sportspeople and teams that have become successful in the competitions also represent Turkey regularly in the international organizations held. Koç Fest visited 10 universities in 2014 and organized its grand finale event at Kayseri Erciyes University with the participation of 5,000 students.

Koç Fest has reached 2,5 million university students on site all over Turkey while reaching 20 million young people all thanks to social media integration in the last 9 years.

In 2014 Koç Fest won the Silver Prize in the Media Relations Category of the Mercury Excellence Awards held by MerComm, the world's only independent awards organization established to develop the art of communication and science. <http://www.kocfest.com.tr>

become self-sufficient and begin to make the best of their historical, geographical and cultural potential but also to increase the level of education and enhance environmental awareness.

Within the scope of the project, İncesu Village in Isparta was converted into an Eco-tourism Village in 2014.

Tofaş Bursa Anatolian Cars Museum and Tofaş Arts Gallery

Tofaş restored a site of 17 thousand square meters including an old silk factory in Bursa, historical Umurbey Turkish Bath and old Turkish house and established Anatolian Cars Museum in 2002 to protect the automotive heritage in

Anatolia. Also located within the museum, **Tofaş** Arts Gallery has hosted Time Machines Exhibition since 2013. Boasting thousands of clocks from different periods from Architect Naim Arnas' collection, 400 ephemeras and 400 watch-maker instruments, the exhibition has so far been visited by 100,000 people.

Tofaş sponsors Hierapolis Excavations in Pamukkale

Tofaş has been one of the main sponsors of the Hierapolis Ancient City, which is covered by the UNESCO World Heritage List, excavations since 2005. As a result of the studies held so far, Hierapolis Ancient Theatre was restored



Turkish National Olympic Committee Sponsorship

and made available for cultural and art events with a capacity of 12,000 people. Apart from the Ancient Theatre, Necropolis, Hot Springs, Grand Church, San Flippe Matrium, Frontinus Gate, Gymnasium, Apollo Shrine and Pluto Gate was discovered thanks to the excavations. Last year Hierapolis Ancient City welcomed 1,8 million visitors and has turned into one of the most visited archaeological sites in Turkey.

Küçükyalı Archeopark Excavations Sponsorship

Tofaş has continued to sponsor for 11 years Küçükyalı Archaeology Park excavations started in 2001 by Italian and Turkish researchers under the auspices of the Ministry of Culture, Cultural Assets and Museums Directorate. Within the scope of the excavations carried out in 2014 like every year, conservation, restoration, photographing and database processing research continued besides the usage of the archaeology laboratory that was started by Koç University. Promotion and guidance events, educational studies for students went on too during the excavation season as part of the “social archaeology” aspect.

Tüpraş Supports Archaeology

Started in 2007, “Aktüel Arkeoloji” magazine has been published thanks to sponsorship of **Tüpraş**. While informing the Anatolian people on the riches of the land they stand on, the magazine covers the latest news about archaeol-

ogy, history and culture & arts, as well as events such as exhibitions, symposiums and significant developments.

Meanwhile the fourth book titled “A Hellenistic Capital in Anatolia: Pergamon” was published in 2014 as part of the in the “Anatolian Civilizations Book Series” started in collaboration between **Tüpraş** and **Yapı Kredi** Publishing House.

Young Musicians on World Stages

Aimed at transferring their experience and know-how of 40 years to younger musicians, “Young Musicians on World Stages” project was started by world famous pianists Güher & Süher Pekinel sisters thanks to support lent by **Tüpraş**. As part of the project **Tüpraş** provides scholarship for the highly gifted young musicians aged 15-23.

Yapı Kredi Culture & Arts Publishing

Culture & arts publishing house activities form the backbone of the social responsibility understanding by **Yapı Kredi** and they continue through the **Yapı Kredi** Culture & Arts Publishing started in 1992. **Yapı Kredi** Culture Centre organized 9 exhibitions and 160 art events in 2014 while 70,000 participated in them.

Çatalhöyük Excavations

Yapı Kredi has been supporting the archaeological excavations at Çatalhöyük, the first and most important archaeological discovery from the Neo-

lithic Age in Anatolia, since 1997, as the main sponsor. Organized by **Yapı Kredi** Culture & Arts Publishing, Çatalhöyük Exhibition was available for visitors during the 20th annual meeting held by the European Association of Archaeologists (EAA) on the İstanbul Technical University (İTÜ) Taşkışla Campus.

Support for Sports

Turkish National Olympic Committee Sponsorship

Making many economic and social investments that will add value to Turkey, Koç Holding has taken the support it has lent for sports and sportspeople one step ahead and has become the main sponsor of the Turkish National Olympic Committee (TNOC) for 3 years.

As the first national main sponsor of the TNOC, Koç Holding seeks to contribute to the development of the Olympic spirit and the activities to be held in the international arena.

Also sponsoring the candidacy process for the 2020 Olympic Games and Paralympic Games, Koç Holding, continues its activities to turn sports into a lifestyle and to get everyone involved in sports. Organized in collaboration with TNOC, “Olympic Action Days” seeks to encourage especially primary school pupils adopt sports culture and Olympic values and later on to create that specific awareness in the entire society.

Koç Companies Support Sports

Beko Has Long Been a Supporter of Sports

Continuing its sponsorship for the 2013 – 2014 season of the Turkish Beko Basketball League, Beko also became 2014 FIBA Men's Basketball World Cup presenting sponsor and FIBA World Women's Championship main sponsor. Beko also continued its sponsorship name for the world's leading basketball leagues in Germany, Lithuania and Italy.

In 2014 Beko continued its FA Cup sponsorship, the most important football tournament in the UK. In 2014 Beko also signed a global sponsorship deal with the world's most important football team, FC Barcelona, apart from jersey-back sponsorship of the Beşiktaş Professional Football A Team.

In Germany, Grundig brand continued its football sponsorship as the Bundesliga Football League Official Technology Partnership while in Turkey the brand continued to sponsor Fenerbahçe Women's and Men's Volleyball Teams. Moreover, Grundig and Beko sponsored many significant national and international golf tournaments held in Turkey.

Aygaz Supports Sports

Aygaz sponsors Beşiktaş Gymnastics Sports Club Handball Team in the 2013-2015 period through its Mogaz brand. **Aygaz** has also lent its support for the Koç University RAMS American Football Team since 2007. Koç University Sports Club American Football Team competed in the Turkish Protected Football Primary League in the 2013-2014 season.

Otokar Sponsors Turkish Table Tennis Championship for the Disabled

Otokar became the sponsor of the first nation-wide Handicap-Free Sports Events held in Sakarya, Turkish Table Tennis Championship for the Disabled. Also featuring **Otokar** employees, the tournament included 64 disabled sportspeople from 12 provinces competing to win medals.

Tofaş Sports Club

Established in 1974 in Bursa **Tofaş** Plant, **Tofaş** Sports Club is active in basketball, football, volleyball, table tennis, water polo and bridge branches. **Tofaş** Sports Club Basketball Team participated in the European cups in the 2013-2014 season

while the pilot team MG Sports managed to run in the finals in the Young Men's Turkey Championship.

Tofaş Basketball Schools and Basketball Volunteers Project– Fiatball Basketball Festival

Active under **Tofaş** Sports Club, **Tofaş** Basketball Schools have continued to train sportspeople for 15 years. Accredited within the scope of the Turkish Basketball Federation Basketball Schools Accreditation Project, **Tofaş** Basketball Schools train 3,500 children from 23 schools in 9 provinces annually. The project, which has gained important sportspeople for the Turkish basketball, has so far reached 15,000 children from 50 schools in total.

Carried out in collaboration between **Tofaş** Sports Club and Educational Volunteers Foundation of Turkey (TEGV), Basketball Volunteers Project focus on children aged 7-14 and do not have the opportunity to do sports due to structural problems and lack of resources. Within the scope of the project, 124 sports-women and 29 voluntary trainers from 10 provinces in Turkey met in the Fiatball Basketball Festival held by **Tofaş** Sports Club and TEGV in 2014 on Koç University campus. The project continues on 13 TEGV educational parks in 10 provinces.

Tüpraş Supports Sports in Batman

Launched in 1995 through the initiative taken by **Tüpraş** Batman Refinery employees, **Tüpraşspor** Football Club enables the young people living around Batman Refinery to participate in sports. Featuring 70 sportspeople aged 10-17 as of 2014, the club has won significant rankings not only in the regional but also in the national competitions. Around 100 students benefit from the club and one of the footballers has made it to the National Team while the footballers trained by the club have been transferred to professional and amateur football clubs in time.

Established in 2006, Batman Sports Club Association for the Disabled People has competed in the Turkish Disabled People Wheelchair Basketball 2nd League since 2007-2008 season. Currently featuring 51 sportspeople, 33 of whom are licensed, the club has made it possible for hundreds of disabled people to participate in sports and is famous for its success among the people in Batman.

Yapı Kredi is the Official Bank Sponsor for the UEFA Champions League Turkey

Yapı Kredi had scored yet another first time by being the Official Bank Sponsor of the UEFA Champions League in Turkey in 2012 and continued its sponsorship in 2014.

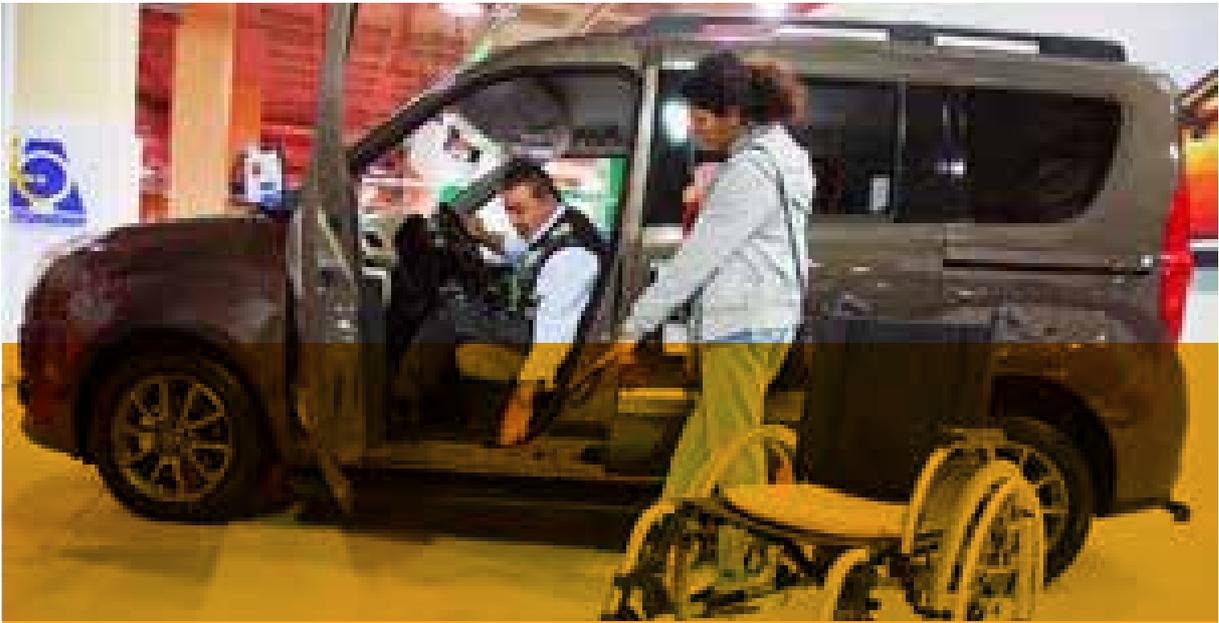
CONTRIBUTION TO LOCAL ECONOMY

Having continued to generate value for its stakeholders even during the most volatile times of the economy for the last 89 years, Koç Group is not only the leading company in Turkey and the immediate region but is also quoted among the largest companies in the world today. Koç Group is the largest group of companies in Turkey in terms of the economic value it has

Yapı Kredi: Fair and Transparent Pricing

Pricing of financial products needs to be made in line with critical measures. While taking the financial portfolio and profitability of the organization into account, variables such as competitive power and ensuring maximum benefit for consumers should be considered. For that purpose, the policy and procedures of **Yapı Kredi** Bank for pricing products and costs are structured to involve technical and analytical processes. Deposit Products Pricing Committee and Consumer Banking Pricing Committee are responsible for operating the processes in that way and for deciding on the most suitable price levels.

Another important aspect of pricing financial products is sharing the prices set with the consumers. For that purpose, the most up-to-date services costs are announced at the bank branches and on the website in the ways most easily accessible by the consumers. Meanwhile the sales and services contracts made with consumers cover prices and costs in a way to be easily understood and are stated explicitly in the meetings held with consumers and the questions posed by the consumers are answered accordingly.



Products and Services Eliminating Disabilities

Ignoring disabled people that account for a significant portion of the society could no be regarded as a prudent approach in the eyes of a corporate citizen or a responsible tradesman. Therefore, improving the quality of life for the disabled consumers by providing products that are available for their use is not only about complying with the principle to uphold human rights and equality for Koç Group Companies but is also a commercial responsibility too. In that respect, Koç Group Companies conduct studies to eliminate the challenges that make it hard fro the disabled people to access their conventional products and services.

Freedom of Movement with Fiat Autonomy

Tofaş implements Fiat Autonomy, freedom of movement program of the Fiat brand for its disabled users, in Turkey. Within the scope of the program, the users order through the Fiat authorized dealer network a vehicle suitable for their use and the vehicle ordered is converted according to their disabilities. Currently Fiat Grande Punto, Punto Evo, Bravo, Doblo and Fiorino models are converted with two years of warranty for the use of those legally allowed to drive according to their orthopaedic disabilities through solution partners specializing in sensitive driving technologies. During the sale process the users benefit from tax discounts as well as special repayment options and after the sales they are provided 7/24 road assistance.

Banking for the Disabled by Yapı Kredi

Banking for the Disabled Program developed by **Yapı Kredi** provides many innovative practices focused on helping the disabled consumers to use the branches, ATMs, call centre and online transaction centres without facing challenges. Within the scope of the program, **Yapı Kredi** first updates its ATM infrastructure with devices that can be used by the orthopedically disabled and visually impaired people. In that respect as of 2014 **Yapı Kredi** had 1,260 ATMs for the visually impaired people and 20 ATMs for the orthopedically impaired people.



As a result of a project developed in collaboration between **Yapı Kredi** and the Federation for the Hearing Impaired, a special online access centre for the hearing impaired users is established. This way the hearing impaired users are able to complete the transactions normally requiring access tot the call centre. The project then continued to enable the Disability-Friendly Online Access Centre to convert writing into sound so that the visually impaired users are able to monitor the changes in the financial markets simultaneously through the centre. NUVO Call Steering System application introduced to the current call centres enabled the call centres to function with voice commands so that the visually impaired users could use them. Within the scope of the program, the current internet website, mobile branch and the internet branch software codes are updated so that the visually impaired users could access those points over their mobiles using Voice Over application.

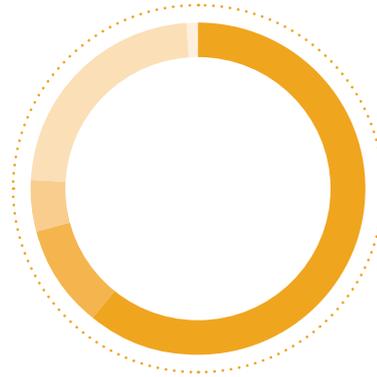
Yapı Kredi also carries out activities to create awareness about its Banking for the Disabled Program over the website www.engelsizbankacilik.net, and works on improvements by means of user feedback.

Share of Sectors in the Economic Value Generated (%)



■ Energy	57%
■ Durable Goods	11%
■ Finance	7%
■ Automotive	23%
■ Other	2%

Share of Sectors in the Economic Value Distributed (%)



■ Energy	61%
■ Durable Goods	10%
■ Finance	5%
■ Automotive	23%
■ Other	1%

formed, its share in exports, the taxes it pays, employment it creates and its share on Borsa Istanbul (BIST).

The value of Koç Group for the local economy goes much beyond the economic value it creates and should also be analyzed through aspects forming a multiplier effect such as its services' and products' quality, technology and R&D capacity, efficiency, jobs created, contributions made to occupational development as well as its giant supply and distribution network. The value Koç Group boasts today is not only an indicator of its success but is also a reminder of the responsibility that comes with it. Aware of this fact, Koç Holding and Group companies act accordingly and strive not only to enlarge their economic impact areas but also do their best develop those areas further.

Delivering Economic Value²

The main reason for the existence of companies as an economic organization is to generate value for their stakeholders. The economic value generated by Koç Group Companies accounts for an important part of the Turkish economy. However, companies continue their operations within a certain economic environment. So the stakeholders they operate together in this

² Since some of the companies within Koç Holding's consolidation scope are not included into the scope of this report (for the scope of the report see p. 1) the financial data disclosed in this section might differ from those information disclosed to public via financial reports in Public Disclosure Platform.

economic environment also have a share in the value they generate. A company that achieves successful and sustainable development is the one that increases the value it generates besides its profitability while also increasing the value its presence provides for its stakeholders. This equation means not only further efficiency and revenue generation but also more procurement from suppliers, more employment, more tax payment, more dividend and more social investments.

While increasing the value they generate and the profitability they achieve since they were established, Koç Group Companies have also come to enjoy a significant place for the local economic growth by ensuring that their stakeholders also benefit more from the value generated. In that context, close to 118 billion TL worth economic value was generated through the product and service sales of Koç Group Companies in 2014. Still in 2014, Koç Group Companies transferred over 112 billion TL in economic value through their spending including items such as their operating costs, employee wages, donations and aids, dividends and franked payments.²

Koç Group Companies' product and services production processes are completed thanks to a giant supply network composed of thousands of suppliers. Group Companies use many criteria while selecting the suppliers, which pose a great importance to company operations. One of those criteria is about the supplier being a local. As a result of this criteri-

on, the purchasing operation provides great nourishment for the local economy. In that respect, Koç Group Companies² purchased from 16,250 local suppliers in 2014. Purchasing made through local suppliers account for over 64% of the total supply operation.

Accessible and Affordable Products

The products and services provided create a positive influence over the local economy. The consumers in their markets appreciate Koç Group Companies due to the innovative and value-added products they provide. However, besides the properties of the products and services provided, it is also important to meet the needs and expectations of the target consumer groups, to comply with their purchasing power in general and to access the sales and services points throughout the market.

Koç Group Companies accept meeting market expectations directly in their product and service development processes as their main goal. In line with many surveys including market trend surveys, consumer expectation surveys, focus group studies and consumer feedbacks, the properties of the product and services are shaped according to the target markets.

Another important aspect is to ensure that the product and services provided are set in line with the purchasing power of the target consumer groups. Consumer purchasing power analyses conducted in the markets operated in are an important part of the product and services pricing processes.



Arçelik South Africa Defy Cooking Appliances Plant

Increasing Need for Employment

One of the foremost indicators of a developed society is the creation of jobs for the young generations growing up in line with the economic growth achieved. The need for employment increases in Turkey day by day in line with the increase in the young population. Meanwhile the industrial and services sector companies also need to recruit qualified employees.

As the largest private sector employer in Turkey, Koç Group launched “Vocational Education: A Crucial Matter for the Nation” Project (MLMM) in 2006 in cooperation with the Ministry of Education and Vehbi Koç Foundation within the scope of the “The Collaboration for Development of Vocational Training Protocol”. Thanks to the project completed in 2013, 8 Koç Group Companies established in 5 sectors 29 laboratories, 7 education centres, 1 vocational high school and 1 vocational school besides supporting the vocational high schools in terms of their curriculum and technical capabilities. Prioritizing women students, the project also provided scholarships for 8,000 students in total. One of the leading benefits derives from the project has been reinforcing the respectability of vocational education and making vocational education as a valid and preferable career choice for promising young students.

High School Coaches Program, which is one of the most significant constituents of the project and aims to support the individual and occupational development

Arçelik Makes New Investments in Emerging Markets

The rising wealth in developing countries provide significant opportunities for the producers that are close to consumers and are able to perceive the market expectations in the durable goods sector properly. As a result of this understanding, one of the 5 fundamental components of the main business strategy of **Arçelik** is ensuring growth in emerging markets. In line with this strategy, **Arçelik** not only continues its R&D activities to develop products meeting the legal requirements, purchasing power of consumers and functional expectations but also to make investments focused on including new promising markets to its production locations. Started in 2011 with the acquisition of Defy in South Africa, this process goes on with the production facility investment in Thailand announced in late 2014.

of the students, is handed over to Private Sector Volunteers Association of Turkey in 2012. Hence, the spread of the study throughout the whole private sector and its continuity were ensured.

After the completion of the project, the Group Companies have maintained their relations with the vocational education organizations and sustained their support. In that respect, 55,017 people participated in the vocational education studies held by the Group Companies in 2014. Meanwhile Koç Group Companies boast the most

modern production capabilities and experiences employees in their sectors. Therefore Koç Group production facilities are the most appropriate places for vocational education or college students to develop their theoretical knowledge under production conditions. For that reason annually thousands of internship applications are received and as many of those applications are accepted as possible. In that respect 2,256 high school students, 3,243 university and college students did an internship with Group Companies.

Demand for Wealth Increase in Emerging Markets

While the Western markets went into a period of stagnation during the latest economic crisis years, the emerging markets continued to grow. Expectations for improving life standards go up in parallel with the rise in economic growth and purchasing power especially in the Asian countries. In the years ahead millions of new white-collar employees are expected to join in the population. So the period to come will be marked by the efforts to develop products and services suitable for the life styles of this new generation group of people while understanding the complicated expectations of them and focusing on improving quality of life for them. Shaping their plans for the future accordingly, the Group Companies adopt this vision in their target markets and their expansion to potential new geographies.

GRI Content Index

Indicators	Descriptions	External Assurance	Omissions
General Standard Disclosures			
G4-1	Message From the Chairman (p.2); Message From the CEO (p.3)	-	-
G4-2	Message From the Chairman (p.2); Message From the CEO (p.3); Koç Group Sustainability Priorities (p.9)	-	-
G4-3	Contacts (Inside Back Cover)	-	-
G4-4	"http://www.koc.com.tr/en-us/activity-fields/sectors http://www.koc.com.tr/en-us/activity-fields/list-of-brands"	-	-
G4-5	Contacts (Inside Back Cover)	-	-
G4-6	http://www.koc.com.tr/en-us/activity-fields/international-network-of-koc-group	-	-
G4-7	http://www.koc.com.tr/en-us/investor-relations/corporate-overview-and-governance/shareholder-structure	-	-
G4-8	Koç Holding 2014 Annual Report (Inside Front Cover - Our Strategy)	-	-
G4-9	Koç Group in 2014 (p.5); Employee Demographics (p.17); Occupational Health and Safety (p.25)	-	-
G4-10	Employee Demographics (p.17);	-	-
G4-11	Labour Union Rights (p.19)	-	-
G4-12	Delivering Economic Value (p.62)	-	-
G4-13	http://www.koc.com.tr/en-us/investor-relations/material-disclosures	-	-
G4-14	Risk Management (p.13); Business Ethics and Anti-Corruption (p.14-15); Employee Rights (p.16); Occupational Health and Safety (p.25); Environmental Management (p.27); Climate & Energy (p.28-29)	-	-
G4-15	Risk Management (p.13); Business Ethics and Anti-Corruption (p.14-15); Employee Rights (p.16); Declaration on Equality at Work (p.18); Occupational Health and Safety (p.25); Environmental Management (p.27); Climate & Energy (p.28-29)	-	-
G4-16	Koç Holding Sustainability Strategy (p.6); Declaration on Equality at Work (p.18); Equality, Multiculturalism and Diversity (p.18-19)	-	-
G4-17	About the Report (p.1); Koç Group in 2014 (p.4)	-	-
G4-18	About the Report (p.1)	-	-
G4-19	Koç Group Sustainability Management (p.7-8); Koç Group Sustainability Priorities (p.8-10)	-	-
G4-20	About the Report (p.1); Koç Group Sustainability Priorities (p.8-10)	-	-
G4-21	About the Report (p.1)	-	-
G4-22	For this reporting period, water reused in the process was also included in calculations of total recycled water in line with G4-EN10, while for previous reporting periods, these calculations were based solely on waste water recycled in treatment facilities.	-	-
G4-23	About the Report (p.1)	-	-
G4-24	Our Stakeholders (p.10-11)	-	-
G4-25	Our Stakeholders (p.10-11)	-	-
G4-26	Our Stakeholders (p.10-11)	-	-
G4-27	Our Stakeholders (p.10-11); Customer Satisfaction(p.43-44)	-	-
G4-28	About the Report (p.1)	-	-
G4-29	About the Report (p.1)	-	-
G4-30	About the Report (p.1)	-	-
G4-31	Contacts (Inside Back Cover)	-	-
G4-32	About the Report (p.1); GRI Content Index (p.64-67); Legal Disclaimer (Inside Back Cover)	-	-

Indicators	Descriptions	External Assurance	Omissions
General Standard Disclosures			
G4-33	Legal Disclaimer (Inside Back Cover)	-	-
G4-34	Board of Directors and Committees (p.12-13)	-	-
G4-56	"Business Ethics and Anti-Corruption (p.14); http://www.koc.com.tr/tr-tr/hakkinda/Documents/Koc%20Group%20Code%20of%20Ethics%20and%20Business%20Conduct.pdf "	-	-

Indicators	Descriptions	External Assurance	Omissions
Specific Standard Disclosures			
Material Issue: Economic Performance			
G4-DMA	Koç Group in 2014 (p.5); Delivering Economic Value (p.62)	-	-
G4-EC1	Delivering Economic Value (p.62)	-	-
G4-EC3	Koç Holding Retirement Pension Foundation (p.23)	-	-
G4-EC4	Koç Holding 2014 Annual Report (p.183)	-	-
Material Issue: Indirect Economic Impacts			
G4-DMA	Innovation and Product Strategy (p.36-39); Dealer and Supplier Business Success (p.44-45); Social Investments (p.48); Support for Education (p.51-54); Support for Health (p.54-55); Support for Art and Cultural Heritage (p.56-59); Support for Sports (p.59-60)	-	-
G4-EC7	Social Investments (p.48); Support for Education (p.51-54); Support for Health (p.54-55); Support for Art and Cultural Heritage (p.56-59); Support for Sports (p.59-60)	-	-
G4-EC8	Innovation and Product Strategy (p.36-39); Dealer and Supplier Business Success (p.44-45)	-	-
Material Issue: Procurement Practices			
G4-DMA	Delivering Economic Value (p.62)	-	-
G4-EC9	Delivering Economic Value (p.62)	-	-
Material Issue: Energy			
G4-DMA	Environmental Management (p.26-28); Climate & Energy (p.28-29); Energy Efficiency and Emission Reduction Practices (p.29-31)	-	-
G4-EN5	Energy Efficiency and Emission Reduction Practices (p.29-30)	-	-
G4-EN6	Energy Efficiency and Emission Reduction Practices (p.30-31)	-	-
G4-EN7	Eco-Innovative and Value Added Products (p.37-39)	-	-
Material Issue: Water			
G4-DMA	Environmental Management (p.26-28); Water Management (p.31-33)	-	-
G4-EN8	Water Management (p.32)	-	-
G4-EN10	Water Management (p.32)	-	-
Material Issue: Biodiversity			
G4-DMA	Environmental Management (p.26-28); Responsible Use of Resources (p.34)	-	-
G4-EN11	Responsible Use of Resources (p.34)	-	-
G4-EN13	Responsible Use of Resources (p.34-35)	-	-
Material Issue: Emissions			
G4-DMA	Environmental Management (p.26-28); Climate & Energy (p.28-29); Energy Efficiency and Emission Reduction Practices (p.29-31)	-	-
G4-EN18	Energy Efficiency and Emission Reduction Practices (p.29-30)	-	-
G4-EN19	Energy Efficiency and Emission Reduction Practices (p.30-31)	-	-

Indicators	Descriptions	External Assurance	Omissions
Specific Standard Disclosures			
Material Issue: Effluents and Wastes			
G4-DMA	Environmental Management (p.26-28); Water Management (p.33); Responsible Use of Resources (p.33-34)	-	-
G4-EN22	Water Management (p.33)	-	-
G4-EN23	Responsible Use of Resources (p.33-34)	-	-
G4-EN26	Responsible Use of Resources (p.34)	-	-
Material Issue: Products & Services			
G4-DMA	Eco-Innovative and Value Added Products (p.37-39)	-	-
G4-EN27	Eco-Innovative and Value Added Products (p.37-39)	-	-
Material Issue: General			
G4-DMA	Not Material	-	-
G4-EN31	Environmental Management (p.28);	-	-
Material Issue: Supplier Environmental Assessment			
G4-DMA	Environmental Management (p.28); Responsible Value Chain Management (p.44)	-	-
G4-EN32	Responsible Value Chain Management (p.44)	-	-
Material Issue: Labour-Management Relations			
G4-DMA	Not Material	-	-
G4-LA5	Minimum Notice Periods (p.16)	-	-
Material Issue: Occupational Health and Safety			
G4-DMA	Occupational Health and Safety (p.25)	-	-
G4-LA5	Occupational Health and Safety (p.25)	-	-
G4-LA6	Occupational Health and Safety (p.25)	-	-
Material Issue: Training			
G4-DMA	Professional Development (p.19); Talent Management (p.20); Performance Management(p.20)	-	-
G4-LA9	Professional Development (p.19);	-	-
G4-LA10	Professional Development (p.19); Leader Development Programs (p.20)	-	-
G4-LA11	Performance Management(p.20)	-	-
Material Issue: Diversity and Equal Opportunity			
G4-DMA	Employee Demographics (p.17)	-	-
G4-LA12	Employee Demographics (p.17)	-	-
Material Issue: Equal Remuneration for Women and Men			
G4-DMA	Workplace Culture (p.16); Employee Rights (p.16); Declaration on Equality at Work (p.18), Remuneration System (p.21)	-	-
G4-LA13	Remuneration System (p.21)	-	-
Material Issue: Non-Discrimination			
G4-DMA	Workplace Culture (p.16); Employee Rights (p.16); Equality, Multiculturalism and Diversity (p.18-19)	-	-
G4-HR3	No discrimination case has been occurred during the reporting period.	-	-
Material Issue: Freedom of Association and Collective Bargaining			
G4-DMA	Workplace Culture (p.16); Employee Rights (p.16); Equality, Labour Union Rights (p.19)	-	-
G4-HR4	No case indicating that freedom of association and collective bargaining was under risk has been occurred during the reporting period. Same principle applies to supplier audits and no risk aspect witnessed.	-	-

Indicators	Descriptions	External Assurance	Omissions
Specific Standard Disclosures			
Material Issue: Child Labour			
G4-DMA	Workplace Culture (p.16); Employee Rights (p.16)	-	-
G4-HR5	No case indicating child labour risk has been occurred during the reporting period. Same principle applies to supplier audits and no risk aspect witnessed.	-	-
Material Issue: Forced or Compulsory Labour			
G4-DMA	Workplace Culture (p.16); Employee Rights (p.16)	-	-
G4-HR6	No case indicating forced or compulsory labour risk has been occurred during the reporting period. Same principle applies to supplier audits and no risk aspect witnessed.	-	-
Material Issue: Anti-Corruption			
G4-DMA	Business Ethics and Anti-Corruption (p.14-15)	-	-
G4-S03	Business Ethics and Anti-Corruption (p.14-15)	-	-
Material Issue: Public Policy			
G4-DMA	Business Ethics and Anti-Corruption (p.14)	-	-
G4-S06	Business Ethics and Anti-Corruption (p.14)	-	-
Material Issue: Customer Health and Safety			
G4-DMA	Ürün ve Hizmet Sorumluluğu (p.40)	-	-
G4-PR1	All products of Koç Group companies are assessed in line with consumer health and safety criteria.	-	-
Material Issue: Product and Service Labeling			
G4-DMA	Product Information (p.42); Yapı Kredi: Easy and Transparent Product Information (p.42)	-	-
G4-PR3	Product Information (p.42); Yapı Kredi: Easy and Transparent Product Information (p.42)	-	-
Material Issue: Innovation and Product Strategy			
DMA	Innovation and Product Strategy (p.36-39)	-	-

Legal Disclaimer

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

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

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

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

good faith and based on sources believed to be reliable. However, this does not constitute a representation, guarantee, warranty or undertaking of any nature on Koç Group. Accordingly, none of Koç Group or their respective advisors, directors or employees shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a results of relying on any statement in or omission from this Report or in any other information or communications in connection with the Report.

Contact

Koç Holding Communications

Oya Ünlü Kızıl
Koç Holding
Director of Corporate Communications
and External Affairs

Koç Holding A.Ş.

Nakkaştepe Azizbey Sok. No:1
Kuzguncuk 34674 İstanbul
T: +90 (216) 531 02 87
F: +90 (216) 343 15 37
iletisim@koc.com.tr

Consultant

Kıymet-i Harbiye
info@kiymetiharbiye.com

