

FROM DARKNESS TO LIGHT...



SUSTAINABILITY REPORT 2017



FOR A BRIGHT AFRICA

In Africa, almost one-fifth of the population does not have access to electricity. We at Aksa Energy have taken an important step to change the future of this continent where darkness continues to reign. With the power plants we have built in Ghana, Madagascar and Mali, Aksa Energy meets a significant portion of total electricity demand in these countries for a brighter Africa.

We present our Sustainability Report with the smiling faces from Meltem Yaşar's book "**Bright Faces from a Dark Continent**," which was published with our sponsorship.

**MELTEM YAŞAR**

From Darkness to Light

Meltem Yaşar was born in Adana, Turkey. After graduating from Adana Anatolian High School, she studied Public Administration at Middle East Technical University Faculty of Economics and Administrative Sciences. Ms. Yaşar received a British Council scholarship and completed her MA at University of Wales, in the Banking, Accounting and Economics Department. She worked at Pamukbank in the Financial Control Department, at Boyner Holding in the Budget and MIS Department, and at Turkcell in the Strategic Planning Department.

Ms. Yaşar's book titled "Fund Cost Calculating Methods in Commercial Banks" was published by the Banks Association of Turkey. In 2005, she went Uganda for gorilla trekking and safari and moved there. Ms. Yaşar served as a financial consultant to international firms in Uganda.

In 1996, Ms. Yaşar started taking photographs. She held exhibitions in Uganda, where she lived for 12 years, and in Istanbul. She is interested in photographing Africans living in the remote and challenging corners of this continent. Ms. Yaşar became the first and only Turkish safari guide to settle in Africa. Her first book of memoirs spanning from Turkey to Africa was published with the title "Dancing with the Pygmies" in July 2017. Ms. Yaşar's second book of memoirs, sponsored by Aksa Energy, is titled "Bright Faces from the Dark Continent" and was published in 2018.

Meltem Yaşar currently lives in Olimpos, Antalya, and organizes safaris to Uganda and other various African countries.

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ABOUT THIS REPORT

Aksa Enerji Üretim A.Ş. (Aksa Energy) has prepared this report to present the Company's environmental, social and corporate governance performance and progress to its stakeholders in a transparent manner. This report covers the period January 1 – December 31, 2017. Environmental data for renewable power plants that were sold during the year encompass only the time period up to their respective sale dates.

This report was prepared in accordance with GRI Standards (Core Option). The Electric Utilities Sector Disclosure was also used as a reference.

Please send your questions, feedback, and recommendations regarding this report to surdurulebilirlik@aksa.com.tr.

We reached an agreement with the Government of the Republic of Ghana to establish a power plant with an installed capacity of 370 MW. The power plant currently serves the country with an installed capacity of 280 MW.





ABOUT AKSA ENERGY

Aksa Energy is Turkey's largest publicly listed independent power producer and a global energy company.

NUMBER OF POWER
PLANTS

9*

INSTALLED
CAPACITY

2,236 MW*

NEW CAPACITY
IN 2017

386 MW

Aksa Energy, one of the leading groups in the Turkish energy sector, was established in 1997 as a subsidiary of Kazancı Holding. The Company is Turkey's largest publicly listed independent power producer as well as a global energy company.

Operating in five countries on two continents as of year-end 2017, Aksa Energy generates energy from natural gas, fuel oil, lignite and hydroelectric sources. The Company's portfolio is comprised of 1,697 MW installed capacity in Turkey, 153 MW installed capacity in Turkish Republic of Northern Cyprus (TRNC), and three power plants totaling 386 MW installed capacity in Africa.

In 2015, Aksa Energy made some major changes to its strategic investment plan and set an international growth target following its TRNC power plant investment. Aiming to expand its profit-based sustainability-oriented approach to overseas markets, Aksa Energy's primary target was Africa. The Company established a solid presence on this underserved continent by starting up power plant operations in Ghana, Madagascar and Mali.

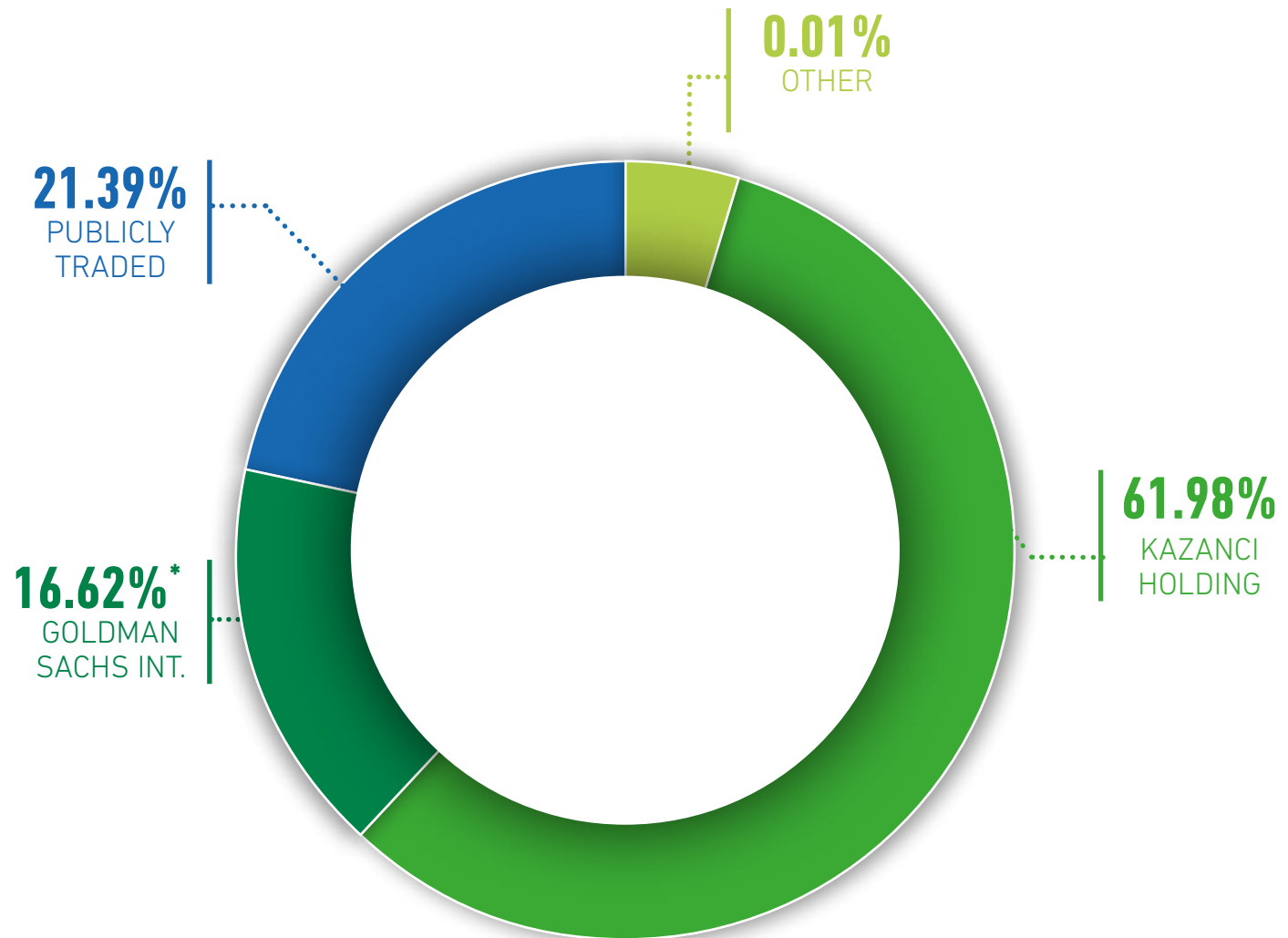
Aksa Energy aims to increase its installed capacity and extend its existing agreement terms in the countries where it operates. In addition to the guaranteed energy sales and power plant construction agreements it has entered into with TRNC, Ghana, Madagascar and Mali, the Company is also evaluating other new overseas investment opportunities.

Global Power

Aksa Energy has become a significant player in Africa's energy market – in addition to Turkey and TRNC – after its investments on the continent became operational. The Company's expansion in the African market was in keeping with its investment strategy focusing on regions with emerging energy demand. The Company has increased the volume of its investments by commissioning Madagascar and Mali power plants in 2017, which follow the commissioning of its first power plant in Ghana the same year.

* Installed capacity and number of power plants as of end-2017.

SHAREHOLDER STRUCTURE



* Goldman Sachs International's (GSI) 16.62% equity stake in Aksa Energy was transferred to Kazancı Holding pursuant to Energy Market Regulatory Authority's (EMRA) Approval, No. 19793 dated April 20, 2018. In accordance with the related agreement between Kazancı Holding A.Ş. and GSI, Kazancı Holding A.Ş. reacquired 101,911,765 shares at a price of USD 2.9437229 per share for the total sum of USD 300 million from GSI as of April 20, 2018.

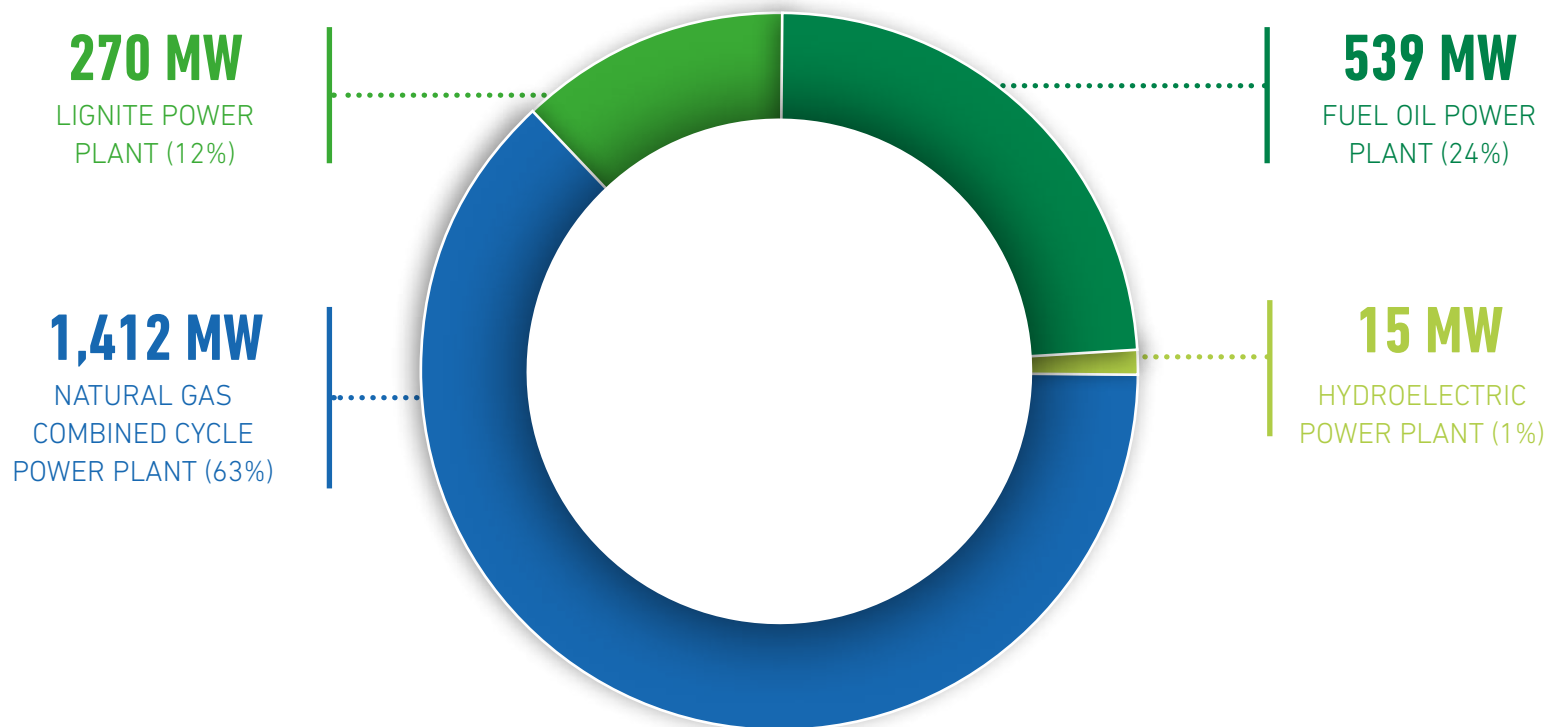
After this repurchase, Kazancı Holding's stake in Aksa Energy rose to 78.59%.

ABOUT AKSA ENERGY

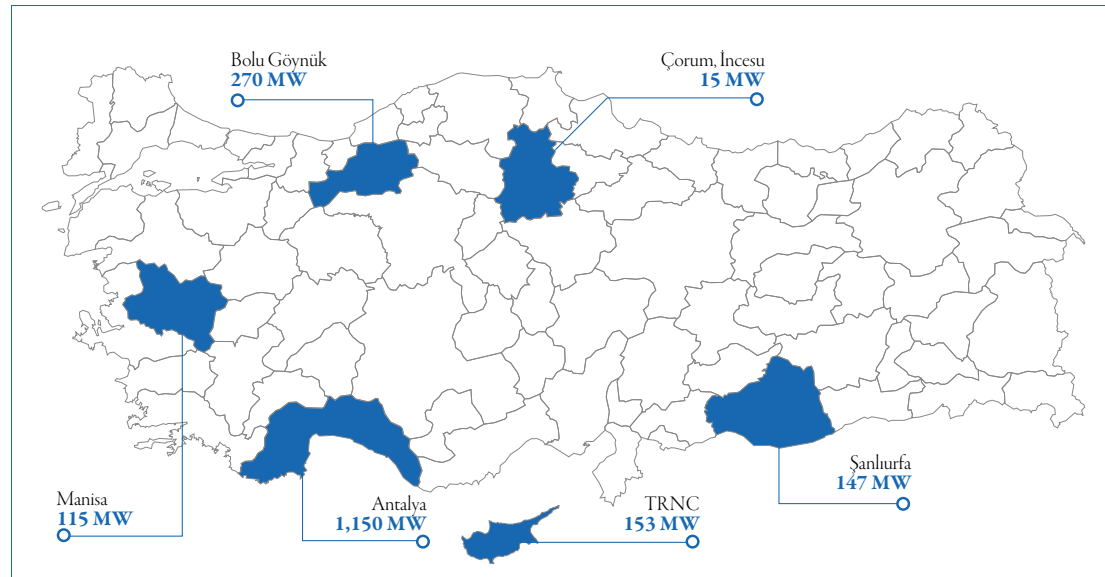
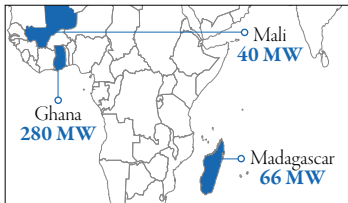
PRODUCTION PORTFOLIO

Aksa Energy operates in 5 countries on 2 continents.

Aksa Energy's power plant portfolio consists of 1 hydroelectric, 1 lignite, 3 natural gas and 4 fuel-oil facilities – a total of 9 generation plants – as of year-end 2017. Operating in 5 countries on 2 continents, the Company's total installed capacity stood at 2,236 MW at end-2017.



Number of Power Plants*	9
Installed Capacity**	2,236 MW
Manisa	115 MW
Antalya	1,150 MW
Çorum, İncesu**	15 MW
Bolu, Göynük	270 MW
Şanlıurfa	147 MW
TRNC	153 MW
Mali	40 MW
Ghana	280 MW
Madagascar	66 MW



*Power plants and installed capacity as of the end-2017.

3

NATURAL GAS
COMBINED CYCLE
POWER PLANTS

Antalya
1.150 MW

Şanlıurfa
147 MW

Manisa
115 MW

1,412 MW
Total Installed Capacity

4

FUEL OIL POWER
PLANTS

Ghana
280 MW

TRNC
153 MW

Madagascar
66 MW

Mali
40 MW

539 MW
Total Installed Capacity

1

LIGNITE POWER
PLANT

Bolu, Göynük
270 MW

270 MW
Total Installed Capacity

1

HYDROELECTRIC
POWER PLANT

Çorum, İncesu**
15 MW

15 MW
Total Installed Capacity

** İncesu Power Plant was sold in January 2018.

VISION AND MISSION OF AKSA ENERGY

AKSA ENERGY'S VISION:

To become the largest and most reliable power in the region.

AKSA ENERGY'S MISSION:

To capitalize on our deep experience and know-how in the energy industry and continue implementing high-performance projects, with a focus on cutting-edge technologies and our well-educated, highly skilled workforce.





CHAIRMAN'S MESSAGE

Aksa Energy continued to grow steadily in 2017, a year of major progress for Turkey's economy. The Company made significant contributions to move the Turkish economy forward and meet global energy demand, particularly with its investments in Africa.

In 2017, the global economy achieved stability and outperformed growth expectations. While the US economy continued to expand in the face of political uncertainty, the Eurozone sustained its growth trajectory owing in part to the ECB's expansionary monetary policies. The outlook for 2018 is positive as the US is expected to continue leading the world economy out of the crisis, with a favorable impact anticipated from the economies of Europe, the UK and even Japan.

During the year, Turkey's economy was also affected favorably in parallel with positive developments globally and the country recorded a high economic growth rate that exceeded forecasts in 2017. The Turkish economy expanded 5.4% in the first two quarters and 11.3% in third quarter, ending the year with 7.4% annual growth. This performance ranked Turkey among the fastest growing OECD countries once again.

New stimulus policies and incentive packages were unveiled during the year to revive the economy and reestablish confidence. New partnerships were forged and new projects launched to boost economic performance. The improving European economy is expected to have a positive spillover effect on Turkey's economy in 2018.

Against the backdrop of these economic developments, the energy industry also had a dynamic year. Turkey, a market characterized by high energy demand, is burdened with a high energy bill because its primary sources for energy generation are imported. To counter this dilemma, the Ministry of Energy and Natural Resources adopted the "National Energy and Mining Policy" and increased incentives for using renewable energy resources and domestic coal.

Aksa Energy continued to grow steadily in 2017, a year of major progress for Turkey's economy. The Company made significant contributions to move the Turkish economy forward and meet global energy demand, particularly with its investments in Africa.

Moving confidently toward its goal of becoming a global power, Aksa Energy became one of the major energy producers on the African continent after its heavy fuel oil power plants in Ghana, Madagascar and Mali were commissioned in 2017.

Aksa Energy continues to climb the ranks of Turkey's leading companies thanks to its successfully executed international growth strategy and ongoing investments. In the "Turkey's Top 500 Companies" list published by Fortune magazine, the Company rose 12 places and ranked 49th in 2017. In a similar list compiled by Capital magazine, Aksa Energy climbed 19 spots to rank 59th.

In addition to its financial performance, Aksa Energy also places great importance on key issues such as upholding human rights, protecting the social fabric in its operating regions, advancing social and economic development, boosting energy conservation and efficiency. The Company significantly contributes to local job creation in the markets it operates. 50% of the workforce at our Africa power plants is local staff as at 2017.

Planning to continue its overseas expansion, Aksa Energy monitors new investment opportunities through Global Investments B.V., the umbrella company we established in the Netherlands as a wholly-owned subsidiary of Aksa Energy. As negotiations with various African countries continue, Aksa Energy has already signed a memorandum of understanding to build a natural gas fired power plant in Indonesia's Aceh Province in Southeast Asia. Our Company continues to take steps to provide services to countries which have emergency power needs.

As we continue to move forward confidently, we see all our stakeholders – especially our employees, who contribute significantly to our many achievements – as our greatest supporters. To this end, I would like to express my deepest gratitude to our entire stakeholder community.



Cemil KAZANCI
Chairman

+50%

LOCAL WORKFORCE AT
OUR AFRICA POWER
PLANTS IN 2017.



CEO'S MESSAGE

Aksa Energy is keenly aware that its vision of becoming a global power can only be realized with an approach that complies with corporate governance principles and respects the environment and society.

Turkey and the world recorded rapid economic growth in 2017. However, Turkey positively decoupled from the global economy thanks to new investments as well as its closely-watched capital markets. In tandem with these developments, energy production and consumption also continued to rise.

As Aksa Energy we expanded and moved closer toward our targets in Turkey and Africa as a result of the steps we took in 2017. We reached 2,236 MW of total installed capacity after our power plants in Ghana, Madagascar and Mali commenced operation during the year. As of year-end 2017, we generated 17.9 TWh of electricity and reported TL 3.6 billion in revenue from nine power plants in Turkey, TRNC and Africa. We will continue providing energy to African markets and contributing to the development of underdeveloped and developing countries with our sustainable business approach in 2018.

Aksa Energy is keenly aware that its vision of becoming a global power can only be realized with an approach that complies with corporate governance principles and respects the environment and society. The Company has taken every step forward in line with its responsibility to the environment and to society since the day it was founded. We place people at the core of all our operations – including our employees, business partners and the local population in the areas where we invest. We design our entire business processes and policies with this perspective and embrace a management approach that values people and the environment. As a result of our strong environmental, social and corporate governance-related performance, Aksa Energy was included in the BIST Sustainability Index once again this year.

Our investments support local employment, the regional economy and social development in addition to addressing the need for energy. To this end, we take active measures to uphold and safeguard basic human rights. We work with local subcontractors and suppliers as much as possible. In addition, we provide our subcontractors and suppliers with the same training that we administer to our own employees. In accordance with the Aksa Energy Human Rights Policy, we meticulously ensure healthy and safe working environments and conditions for all our staff and business partners. Thanks to these efforts, our Ghana Heavy Fuel Oil Power Plant reached its target of "One Million Man-hours without an Accident" in January 2018 – five months earlier than expected.

Always committed to continuous improvement, Aksa Energy implements educational and training initiatives for employees and suppliers and further improves its HR processes every year. To that end, we plan to improve our human resources applications and project our career mapping and talent pool out to 2020. We also aim to develop a risk and opportunity matrix within the Company for our human capital by 2020.

All these achievements were made possible by Aksa Energy family, who is open to innovation and change, and aware of its potential to improve itself and the Company's business operations in every aspect. I would like to take this opportunity to thank our employees and all our stakeholders.



Cüneyt UYGUN

Energy Group Head, CEO and Board Member



TL 3.6 BILLION

AKSA ENERGY REPORTED
TOTAL REVENUES OF
TL 3.6 BILLION IN 2017.



DEVELOPMENTS IN 2017

Aksa Energy creates employment for the local society by hiring workforce from the regions power plants are located in.

Both rising global energy demand and the volatility in the energy industry put more emphasis on the future decisions of energy-dependent countries. Countries must also consider the role energy investments will play to combat climate change and their impacts on the socio-economic development of the local population.

Against this backdrop, comprehensive energy policies need to be formulated. The sustainable development journey should continue in a way that increases social prosperity in general. Boosting energy supply security and diversifying energy resources are the primary goals in Turkey, where total energy consumption has expanded at an average annual rate of 5.1% over the last 10 years.

In light of these national objectives and rapid consumption growth, private sector energy companies are undertaking major energy projects in various segments of the industry – from power generation to distribution – in Turkey and other parts of the world. In doing so, Turkey's private sector energy firms are raising their international profile and reputation.

Aiming to extend its successful track record in Turkey to overseas markets and to become a global power, Aksa Energy not only began responding to Africa's need for energy with its power plants in Ghana, Madagascar and Mali but also initiated the social change in the region with the socio-economic benefits that result from its commercial operations.

Aksa Energy's practice of hiring employees from the regions where it operates creates job opportunities for the local population. In addition, Aksa Energy creates lasting value through infrastructure initiatives and repair projects that support local economic development in its operating regions. The Company uses feedback mechanisms customized for the unique needs and demands of stakeholders and the local population to evaluate the complaints and demands submitted via various channels.



**AKSA ENERGY REACHED
386 MW OF INSTALLED
CAPACITY IN AFRICA AFTER
COMMISSIONING ITS
POWER PLANTS IN GHANA,
MADAGASCAR AND MALI.**



BY FOCUSING ON AFRICA, AKSA ENERGY IS MEETING THE URGENT ENERGY DEMAND IN THAT UNDERSERVED MARKET.



Ghana Heavy Fuel Oil Power Plant Became Operational

Aksa Energy's first step under its international expansion drive was Ghana. Equipment from the Company's portfolio was transferred to Ghana following the approval of 6.5 year US Dollar based power purchase agreement in the Ghanaian Parliament.

Construction of Ghana Heavy Fuel Oil Power Plant was completed in just 9.5 months, thanks to Aksa Energy's deep-rooted experience and strong infrastructure. The power plant was commissioned in phases. In March 2017, the first phase commenced commercial operation with 280 MW of installed capacity. The 6.5-year guaranteed purchase agreement took effect as of August 2, 2017.



First Phase Completed at Madagascar Fuel Oil Power Plant

The first phase of Madagascar Fuel Oil Power Plant commenced operation with 66 MW of installed capacity in September 2017. The opening ceremony was attended by the Madagascar President, Prime Minister, Minister of Energy and a number of other government ministers, indicating the high level of interest in the investment. The first phase of the power plant was completed in only 7 months and the construction of the second phase will start after the completion of the transmission lines in the region.



Power to the Capital of Mali

Following Ghana and Madagascar, Aksa Energy continued to address Africa's urgent need for energy by starting up operations in Mali. Located in the capital city of Bamako, Mali Heavy Fuel Oil Power Plant with 40 MW of installed capacity was constructed in only 6 months. All power generated by the plant is being sold under a 3-year power purchase agreement with a Euro-denominated tariff starting in September 2017.

DEVELOPMENTS IN 2017

Aksa Energy plans to continue taking steps to make its sustainability efforts traceable and improvable.

Sale of 7 WPPs Completed

During the year, Aksa Energy sold off seven wind power plants amounting to 259 MW of installed capacity. The sales transactions of Hatay Sebenoba Wind Power Plant, Manisa Karakurt Wind Power Plant, Balıkesir Şamlı Wind Power Plant, Ayvacık Wind Power Plant, Kapıdağ Wind Power Plant, Kiyıköy Wind Power Plant and Belen/Atik Wind Power Plant were completed in 2017 pursuant to agreements executed with the buyers. Cash proceeds from the sales were used to reduce Aksa Energy's short-term liabilities.

Aksa Energy in the Sustainability Index

Since 2015, Aksa Energy has been a component of the Borsa Istanbul's Sustainability Index, which is comprised of listed companies with the highest corporate sustainability performance. Aksa Energy maintained its place in the Sustainability Index since 2015 to date.

Aksa Energy established the Sustainability Committee to formulate the strategies, policies and targets required to manage its environmental, social and managerial risks – including climate change – in line with the Capital Markets Board's Corporate Governance Principles. The Company plans to continue taking steps to make its sustainability efforts traceable and improvable.

Credit Rating

In 2017, Aksa Energy's high loan quality and strong debt repayment capacity were once again confirmed by TURKrating, the nation's leading credit rating agency. In its latest assessment published on October 13, 2017, TURKrating affirmed Aksa Energy's Long Term National Credit Rating as 'TR A+' and Short Term National Credit Rating as 'TR A2' with a 'Stable' outlook.

The high loan quality rating of 'TR A+' shows that the Company has low loan default risk and a strong capability in terms of fulfilling its financial obligations over the long term. The Short Term National Credit Rating of 'TR A2' is only one notch below 'TR A1', the highest rating in terms of debt repayment capacity.



SINCE 2015, AKSA ENERGY HAS TAKEN PLACE ON BORSA ISTANBUL'S SUSTAINABILITY INDEX, WHICH IS COMPRISED OF LISTED COMPANIES WITH THE HIGHEST CORPORATE SUSTAINABILITY PERFORMANCE.





INVESTMENT STRATEGY

Aksa Energy has transformed from a local energy company to a global energy player and started supporting the Turkish economy with its foreign currency-denominated revenues. The Company plans to continue expanding its overseas installed capacity.



**AKSA ENERGY COMPLETED
THE CONSTRUCTION OF
GHANA HEAVY FUEL OIL
POWER PLANT IN ONLY
9.5 MONTHS.**

Aksa Energy made a radical change to its strategic investment plan and initiated an international growth plan following its Turkish Republic of Northern Cyprus (TRNC) power plant investment with an ambition to become a global power.

In accordance with this strategy, Aksa Energy turned to Africa via investments in Ghana, Mali and Madagascar and became one of the major players in the energy market of this underserved continent which has an emerging energy demand. Aksa Energy aims to reduce the foreign exchange rate impact on its financials by boosting its profitability and foreign currency-denominated sales via these investments in African countries, which greatly need energy and infrastructure investment.

The power plants in Africa became operational in stages as of March 2017. Ghana Heavy Fuel Oil Power Plant reached 280 MW of installed capacity in August 2017, Madagascar Heavy Fuel Oil Power Plant reached 66 MW of installed capacity in September 2017, and Mali Heavy Fuel Oil Power Plant reached 40 MW of installed capacity in September 2017.

Aksa Energy not only minimized investment costs but also cut the construction duration of the projects significantly by using the Company's existing equipment to build the power plants in Africa. Thus construction of Ghana Power Plant was completed in only 9.5 months, Madagascar in 7 months and Mali in 6 months.

Aksa Energy has transformed from a local energy company to a global energy player and started supporting the Turkish economy with its foreign currency-denominated revenues. The Company plans to continue expanding its overseas installed capacity. Negotiations are currently underway with a number of countries to generate quick solutions with low investment costs for countries with urgent energy demand.

SALES STRATEGY

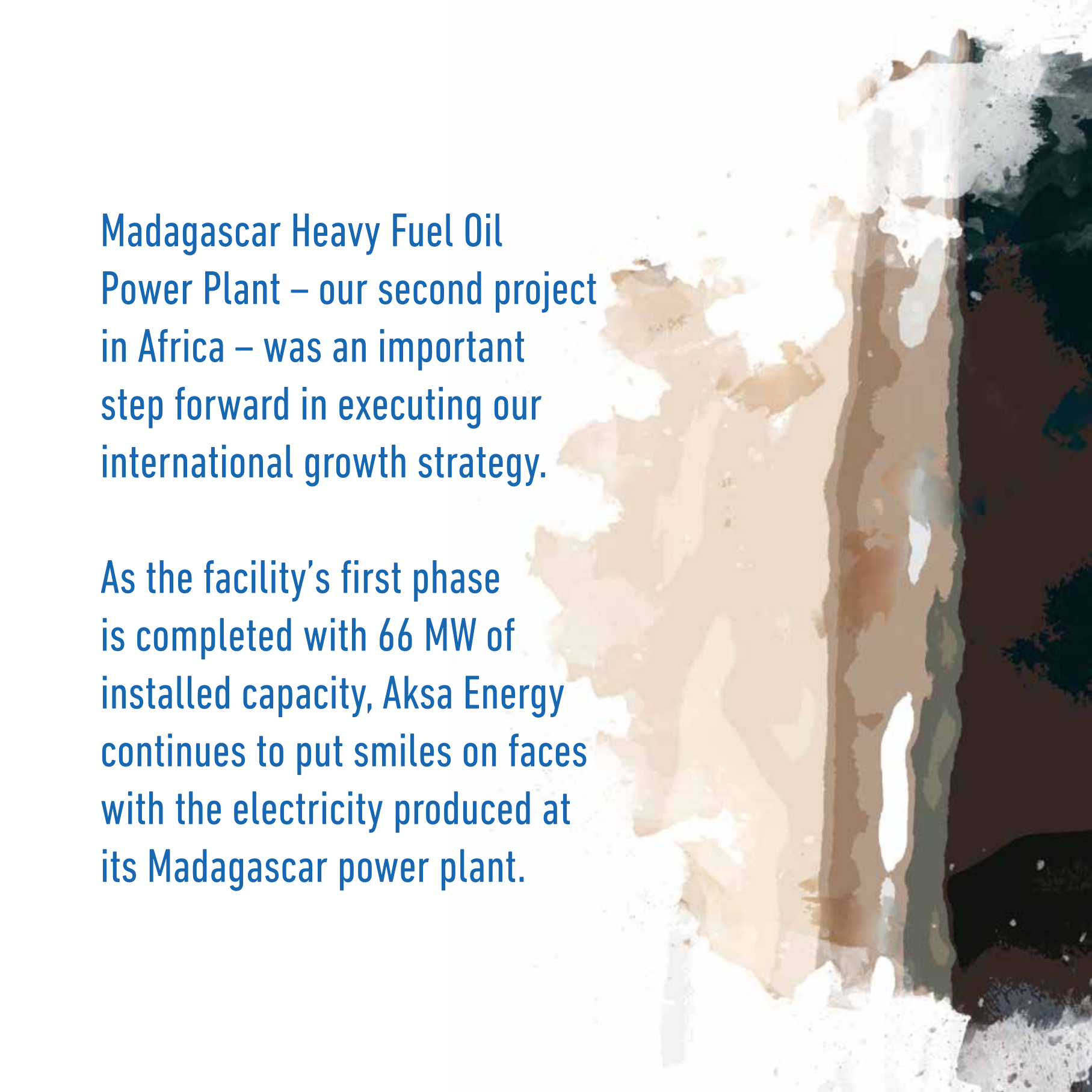
In 2017, 74% of Aksa Energy's EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) was from foreign currency-based contracts.

Aksa Energy plans to increase the share of foreign currency-denominated sales in its revenues to avoid potential foreign exchange rate losses. The Company's foreign currency denominated take-or-pay sales – from Kalecik Fuel Oil Power Plant in the Turkish Republic of Northern Cyprus and the heavy fuel oil power plants in Ghana, Madagascar and Mali, which started commercial operations in 2017 – form the centerpiece of Aksa Energy's financial transformation. As of year-end 2017, 74% of the Company's EBITDA (earnings before interest, tax, depreciation & amortization) was from foreign currency-based contracts.

Türkiye Elektrik Ticaret ve Taahhüt A.Ş. (TETAŞ) announced that it will purchase 18 billion KWh of energy from independent power producers that generate electricity from domestic coal in 2017. During the year, Bolu Göynük Thermal Power Plant sold the amount of electricity specified in the referenced tender to TETAŞ at the price of TL 185/MWh – the rate set for 2017.

While incentives to encourage electricity production from domestic coal continued throughout the year, TETAŞ revised its principles and procedures related to electricity sourcing. As of 2018, the total amount of energy to be sourced from power plants producing electricity from domestic or imported coal is to be calculated by the price and supply formula stipulated in the decree for seven years. The amount of domestic coal used in energy production is the determining factor in calculating the amount purchased. The decree raises the nominal purchase price of TL 185/MWh (the price set for 2016 and 2017) to TL 201.35/MWh for 2018. Moreover, from second quarter 2018 until year-end 2024, quarterly upward revisions will be made to the price using the CPI and PPI indices. The energy purchase price, which started with an 8.8% increase over the price set for 2017, will be revised for the next seven years in line with the CPI and PPI indices. This new incentive is expected to significantly encourage new investments and support those companies producing electricity from domestic coal. Given that the average market clearing price in 2016 was TL 140 /MWh and TL 164 /MWh in 2017, this incentive has the potential to significantly tilt the balance in Turkey's energy industry.





Madagascar Heavy Fuel Oil
Power Plant – our second project
in Africa – was an important
step forward in executing our
international growth strategy.

As the facility's first phase
is completed with 66 MW of
installed capacity, Aksa Energy
continues to put smiles on faces
with the electricity produced at
its Madagascar power plant.



OUR SUSTAINABILITY APPROACH

Aksa Energy makes social and economic contributions to the countries where it operates by creating employment and addressing Africa's urgent energy demand.

In 2017, Aksa Energy began executing its strategic investment plan geared toward becoming a global energy player and commissioned three power plants in Africa. In addition to the Turkish Republic of Northern Cyprus (TRNC), Aksa Energy now meets a significant portion of the energy need in Ghana, Madagascar and Mali.

In line with its new investments, Aksa Energy began managing its sustainability initiatives with a more global perspective. The Company makes social and economic contributions to the countries where it operates by creating employment and addressing Africa's urgent need for energy. Aksa Energy is also committed to upholding basic human rights while conducting its operations even in high risk regions in terms of human rights protection.

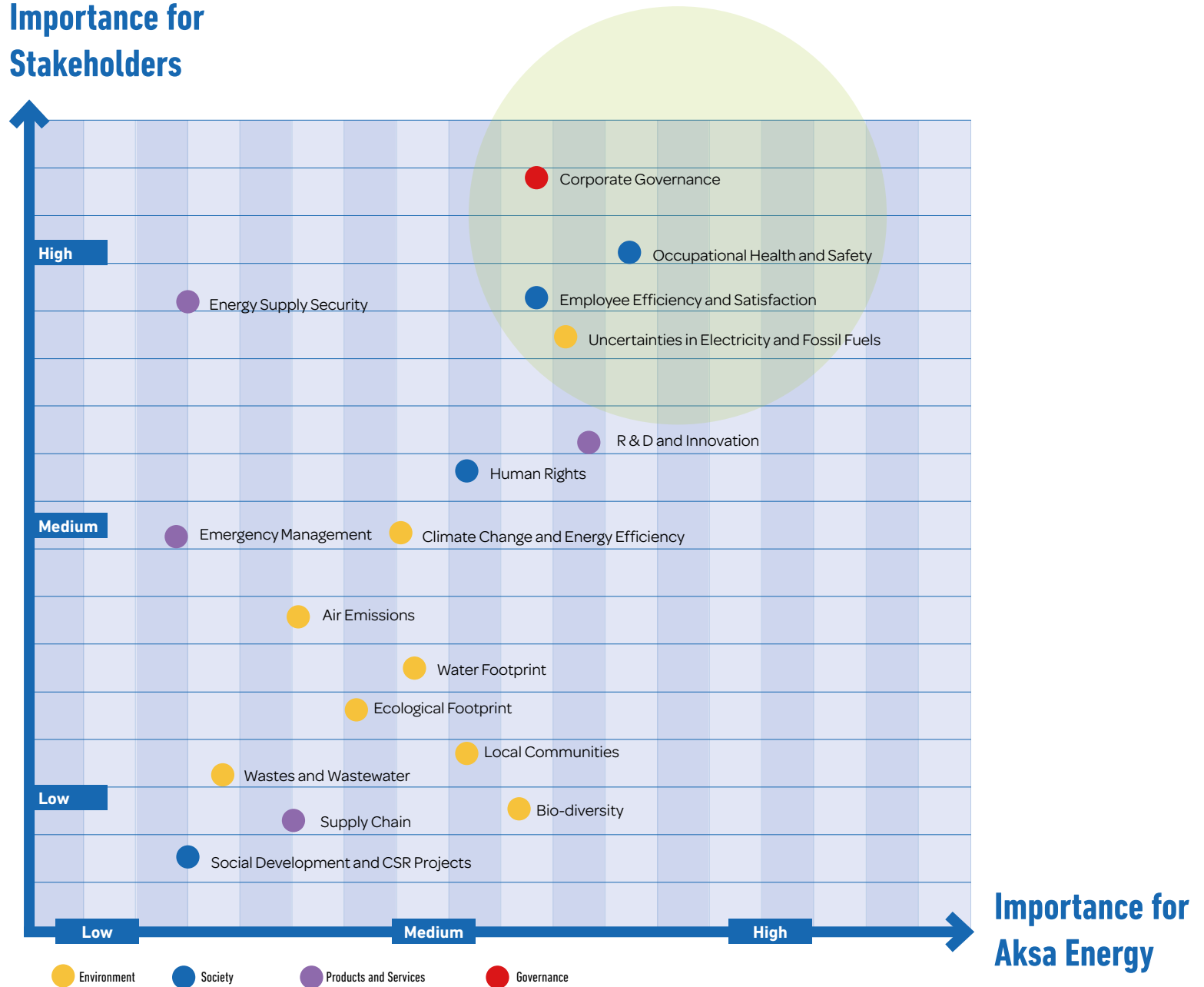
Aksa Energy's approach to sustainability includes a focus on developing business processes and methodologies that integrate advanced technologies. All Aksa Energy employees embrace this innovative approach and corporate culture, paving the way for the Company's holistic progress. Continuous improvement and development of business processes has a positive effect on the Company's sustainability performance. Meanwhile, Aksa Energy's technology and know-how transfer to its operating regions creates a general social benefit.

Aksa Energy groups its sustainability initiatives under three main headings: "Environmental Sustainability," "Our Employees" and "Social Responsibility." In 2017, the Company updated its policies in line with its new international growth strategy and implemented policy revisions related to the Environment, Occupational Health and Safety, Quality, Energy and Corporate Social Responsibility. The Company established the Sustainability Committee to oversee and guide its environmental, social and governance performance. The Committee is responsible for integrating sustainability in major aspects of the Company's operations – such as decision-making, management and business processes – and ensuring that Corporate Governance Principles are assessed from this perspective. The Sustainability Committee regularly updates the Company's sustainability priorities and determines the focus areas under these priorities.



**AKSA ENERGY GROUPS ITS
SUSTAINABILITY INITIATIVES
UNDER THREE MAIN
HEADINGS: "ENVIRONMENTAL
SUSTAINABILITY," "EMPLOYEES"
AND "SOCIAL RESPONSIBILITY."**

Importance for Stakeholders



STAKEHOLDER COMMUNICATION

Aksa Energy aims to continue moving forward with the support of all its stakeholders in its business activities and also plans to increase collaborations with other organizations by actively participating in various platforms.

Communicating with the stakeholders carries major importance for Aksa Energy in carrying out its sustainability approach and in developing its performance in this field continuously. To this end, the Company takes steps to understand the needs and expectations of its stakeholders – from its employees to the local communities in regions where the Company operates.

Aksa Energy's most important communication tools include annual reports, sustainability reports, the Company website, Public Disclosure Platform (KAP) announcements, LinkedIn, various feedback tools and methods, meetings, and two-way communication mechanisms. These tools and platforms provide regular and continuous communication with the Company's stakeholders.

Aksa Energy develops various projects and collaborations as it exchanges ideas and works together with all its stakeholders including public institutions, NGOs, financial institutions, local government administrations and sector organizations. The Company ensures communication with its employees via trainings, meetings, internal communications, intranet systems, performance assessments, feedback systems, email communications, and annual reports. Similarly, the Company organizes one-on-one meetings, certification trainings, technical and occupational trainings in order to ensure regular communication with its suppliers and contractors.

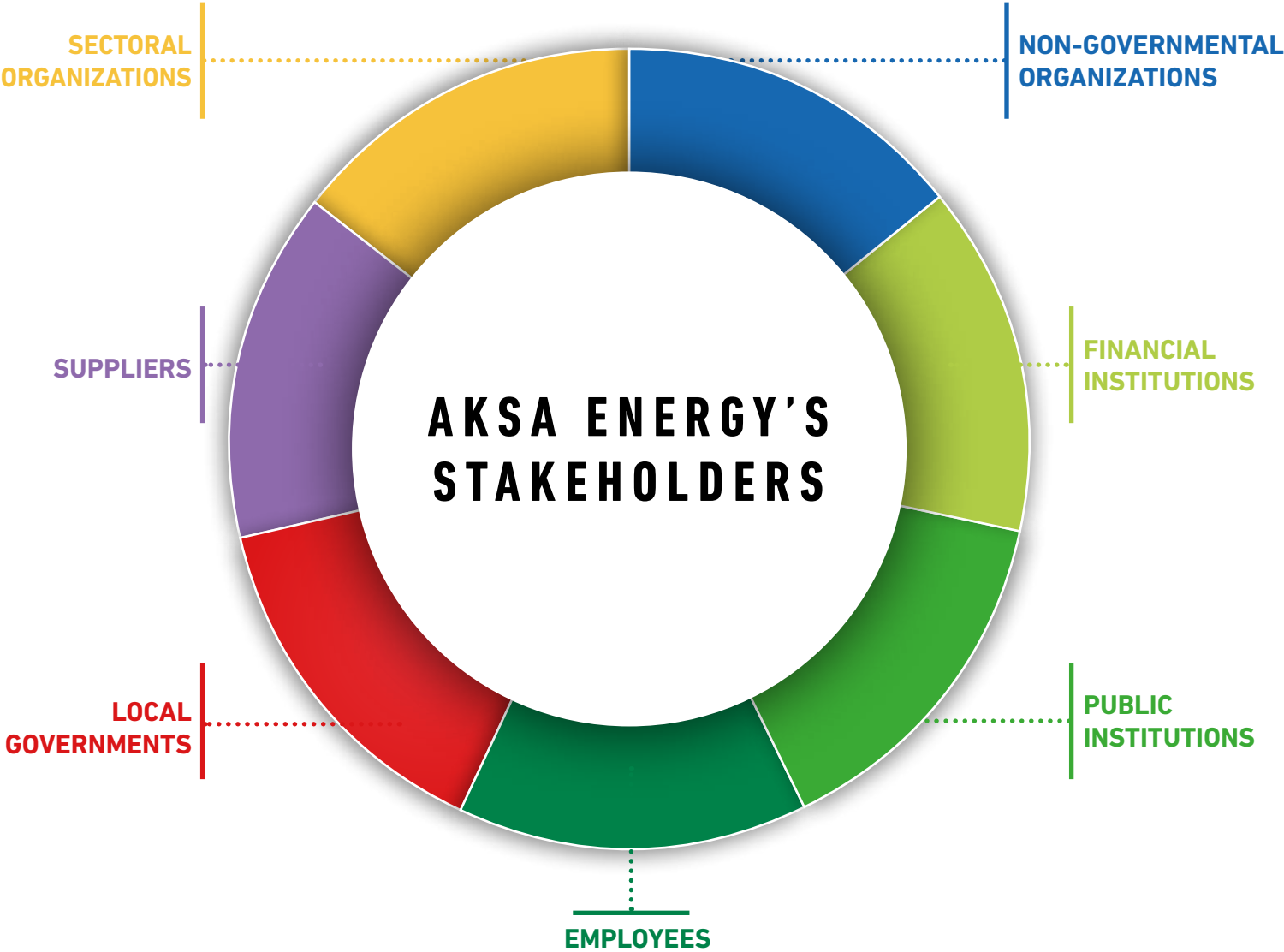
Aksa Energy aims to continue moving forward with the support of all its stakeholders in its business activities. The Company also plans to increase collaborations with other organizations by actively participating in various platforms.

Aksa Energy's stakeholders may send their opinions, expectations, suggestions and complaints to the Company via <http://www.aksaenerji.com.tr/en/write-to-us/> with confidentiality ensured both internally and externally.

Detailed information related to stakeholder analysis is available on page 14 of the 2015 Sustainability Report: <http://img-aksaenerji.mncdn.com/media/21423/aksa-enerji-2015-yili-surdurulebilirlik-raporu.pdf>



**AKSA ENERGY TAKES STEPS
TO UNDERSTAND THE NEEDS
AND EXPECTATIONS OF ALL
ITS STAKEHOLDERS – FROM
ITS EMPLOYEES TO THE LOCAL
COMMUNITIES IN REGIONS
WHERE THE COMPANY OPERATES.**



AKSA ENERGY CONDUCTS ITS BUSINESS OPERATIONS BY CONSIDERING THEIR SOCIAL IMPACT ON ITS STAKEHOLDERS. THE COMPANY CONSIDERS CONTRIBUTING TO THE ECONOMIC, CULTURAL AND SOCIAL DEVELOPMENT OF LOCAL COMMUNITIES IN THE REGIONS WHERE IT OPERATES AS ITS PRIMARY GOAL.





CORPORATE GOVERNANCE

Aksa Energy complies with the Corporate Governance Principles set forth by the Capital Markets Board.

Aksa Energy is keenly aware of the importance of building a corporate governance structure on sound principles. To this end, the Company has embraced a fair, responsible, accountable and transparent corporate governance approach. The Board of Directors, Aksa Energy's highest executive body, is comprised of eight members appointed at the General Assembly, including three independent members and one female member.

The Company has an Audit Committee, Corporate Governance Committee and Early Risk Assessment Committee that report directly to the Board of Directors. Each of these committees conducts regular meetings, carries out prescribed tasks and reports the resulting opinions and recommendations to the Board of Directors in order to help the Company achieve a better management structure. The Company's governance principles prevent unlimited authority to be granted to a single person; the positions of Chairman of the Board of Directors and CEO are held by different individuals⁽¹⁾. Aksa Energy also complies with the Corporate Governance Principles set forth by the Capital Markets Board in its operations.

Aksa Energy understands that the Code of Ethics is an integral part of a company's values and with this perspective, builds all business processes on the basis of codified rules of ethics. Aksa Energy expects all employees and business partners – from the senior management to contractors who represent the Company, such as suppliers, consultants, attorneys and external auditors – to comply with these rules. The Company is committed to acting in accordance with these principles at all times and to serving as an exemplary institution in this regard.

Aksa Energy's Code of Ethics, which all employees are subject to, is organized under four headings: General Rules, Use of Company Resources, Relationships, and Obligations to the Company. The Code of

Ethics covers a broad array of subjects. These include compliance with laws and regulations; risk prevention; confidentiality; auditing and reporting of breaches of rules of ethics; conflicts of interest; use of company resources; giving and receiving gifts on behalf of the Company; donations; and discrimination.

Since 2015, Aksa Energy has implemented the Anti-Bribery and Anti-Corruption Policy and Program. The Anti-Bribery and Anti-Corruption Policy and its appendices are a separate document that supplements the Code of Ethics which aims to protect Aksa Energy and its stakeholders against risks and to raise the Company's value and reputation. The Policy was formulated to ensure that the Company is managed in compliance with all applicable laws, rules and regulations in the countries where the Company operates. The Anti-Bribery and Anti-Corruption Policy also covers principles related to business procedures and practices; auditing and reporting of political donations; travel and accommodation expenditures; gifts; and similar topics.

Aksa Energy oversees the Code of Ethics and the Anti-Bribery and Anti-Corruption Policy. The Company has created an email address (**etik@aksa.com.tr**) to report violations of these principles and policies. This system was designed to ensure the confidentiality of the person reporting the alleged violation.

The Ethics Committee is responsible for evaluating, investigating and resolving notifications related to ethics matters, corruption and bribery and the Committee reports directly to the Chairman of Aksa Energy's Board of Directors. The Ethics Committee consists of the Internal Audit Director, Legal Affairs Director, and Human Resources Director.

In 2017, the Company did not receive any complaints or notifications of a violation of the Code of Ethics or the Anti-Bribery and Anti-Corruption Policy. Aksa Energy plans to administer training on the Company's Anti-Bribery and Anti-Corruption Policy to employees in 2018.

⁽¹⁾ Further information on the Board of Directors' committees is accessible at: [/www.aksainvestorrelations.com/corporate-governance/board-of-directors-committees/](http://www.aksainvestorrelations.com/corporate-governance/board-of-directors-committees/)

Sustainability Management

Sustainability of business processes is becoming an increasingly important issue each year, both domestically and globally. Against this backdrop and motivated by this global movement, Aksa Energy assesses the existing risks and embraces sustainability awareness as a strategic priority in all its operations. The Company's sustainability approach is implemented under the key headings of "Environmental Sustainability," "Our Employees" and "Social Responsibility." Aksa Energy aims to leverage its sustainability approach as a competitive advantage on its path to becoming a global power and is committed to making significant strides in this area to bolster its competitive edge.

Aksa Energy has established a Sustainability Committee which reports directly to the CEO. The Committee is responsible for formulating strategies and policies that ensure sustainable implementation of all business processes; taking the necessary steps to put these strategies and policies into practice; overseeing, supervising and improving the strategies and policies. The Committee also ensures effective implementation of the Company's sustainability-related strategies and policies across the organization.

Sustainability Committee

Aksa Energy set up the Sustainability Committee to include representatives from a number of different departments across the organization in order to ensure that all the Company's operations are conducted in harmony with sustainability principles, while providing

recommendations and guidance accordingly. The Sustainability Committee is chaired by the Investor Relations and Corporate Communications Director; the Domestic Power Plants Operation and Maintenance Director serves as Vice Chairman; and the Environment and Energy Legislation Specialist serves as General Secretary. Members of senior management from Human Resources and Supply Chain appointed by the Board of Directors also serve on the Committee to foster a multi-faceted sustainability approach. In addition, senior executives from Energy Trading as well as Sales and Marketing attend the Committee's meetings as necessary.

The Sustainability Committee meticulously examines and assesses the impacts of sustainability related activities on the Company's operations. The Committee formulates recommendations and suggestions resulting from these assessments and reports them to the CEO.

The Sustainability Coordination and Working Group which was established to support the implementation of decisions made by the Committee and is chaired by the Environment and Energy Legislation Specialist. The Sustainability Coordination and Working Group is comprised of managers from Corporate Finance, Business Processes, Supply Chain and Human Resources as well as specialists from Occupational Safety, Quality, Social Responsibility, Environment and Energy Management Systems.

ENERGY GROUP HEAD, CEO AND BOARD MEMBER - CÜNEYT UYGUN

SUSTAINABILITY COMMITTEE

Investor Relations and Corporate Communications Director
Özlem McCann (Chairperson)

Domestic Power Plants Operation and Maintenance Director
Şenlav Güner (Vice President)

Environment and Energy Legislation Specialist
Ebru Aydeniz (Secretary General)

Human Resources Director
Yeşim Ağaçkesen

Purchasing and Logistics Director
Meral Tunalı

SUSTAINABILITY COORDINATION AND WORKING GROUP

Environment and Energy Legislation Specialist
Ebru Aydeniz (Chairperson)

Corporate Finance Manager
Aylin Kırhan

Business Processes Manager
Betül Işıklar

Purchasing Manager
Serpil Tolgay

Occupational Health and Safety Specialist
Oğuz Biçer

Quality and Social Responsibility Management Specialist
Aysel Topçu

Environment and Energy Systems Specialist
Mustafa Kurt

Human Resources Manager

RISK MANAGEMENT

In 2017, Akxa Energy continued its efforts to proactively manage and prevent risks arising from fluctuations in electricity and fossil fuel prices.

Akxa Energy's risk management approach is designed to help the Company achieve its goals and targets in line with its corporate vision. This approach enables the Company to assess and manage risks with a holistic perspective.

Issues of corporate risk management, operational performance, legal compliance, business continuity and reputation are gaining in importance for businesses. Akxa Energy's risk management policy is centered on safeguarding the value of Company assets, as well as ensuring operational safety and sustainability. Risks are managed by the Early Risk Detection Committee with a view to rapidly detecting the risks that may jeopardize the Company's existence, continuity and development, and to taking the necessary measures against the risks identified. At the same time, the Committee makes recommendations to the Board of Directors concerning strategic issues, including fuel and energy price fluctuations. The Committee, which convenes six times a year under the chairmanship of the Independent Board Member, presents the results of its evaluations to the Board of Directors. Corporate risk management helps to address the risks that businesses are exposed to, through a comprehensive and holistic perspective.

Akxa Energy's risk management approach is an instrument for the Company in achieving its goals and objectives in line with its vision. With this approach, risks are assessed and managed through a holistic perspective. Akxa Energy manages its non-financial risks, as well as its financial risks. The Company defines its financial risks as depreciation of the TL, energy prices (electricity tariffs and spot prices) lagging behind the natural gas and oil prices, legislative changes leading to cost increases, and slowdown in the growth of energy demand. Non-financial risks include climate change as well as carbon management, stakeholder relations, geopolitical issues arising the

from geographically dispersed production operations of the Company, human rights incompatibilities stemming from activities in non-OECD countries, fluctuations in energy and fossil fuel prices, energy supply security, occupational health and safety risks.

In 2017, Akxa Energy continued efforts to proactively manage and prevent risks arising from fluctuations in electricity and fossil fuel prices. Our operations in Africa provide contribution to the management of these risks. For the management of price-related risks, Akxa Energy's Early Risk Assessment Committee provides the Board of Directors recommendations and possible courses of action on strategic issues, including uncertainties related to fuel and energy prices.



**AKSA ENERGY'S RISK
MANAGEMENT POLICY
IS CENTERED ON
SAFEGUARDING THE VALUE
OF COMPANY ASSETS IN
ADDITION TO ENSURING
OPERATIONAL SAFETY AND
SUSTAINABILITY.**



After Ghana and Madagascar,
we built a heavy fuel
oil power plant with 40
MW installed capacity in
Bamako, the capital of Mali.

With this facility, we have
further increased our share
in the African energy market
as well as prosperity and
happiness in the region.





ENVIRONMENTAL SUSTAINABILITY

Aksa Energy's Environmental Policy is based on four main concepts: climate change, efficient natural resource management, waste management and protection of biodiversity.

Aksa Energy operates with the target of minimizing the environmental impact of its business activities and establishing the most efficient business processes. Environmental sustainability is prioritized in all of the Company's business processes while environmental impacts are managed in accordance with international management systems.

Aksa Energy has obtained the ISO 140001 Environmental Management System, ISO 50001 Energy Management System, ISO 9001 Quality Management System and OHSAS 180001 Occupational Health and Safety Management System Certifications. The Company uses the ISO 14001 Environmental Management System Certificate and Environmental Management Policy to guide environment management across the organization. Aksa Energy set up the Framework Environmental Management System (FEMS) to execute its business activities in parallel with its environmental policy. FEMS is designed to comply with applicable laws, rules and regulations; outline and keep track of the Company's environment management objectives and goals and establish an effective environmental management system.

Aksa Energy's Environmental Policy is based on four main concepts; climate change, natural resource management, waste management and protection of diversity. In accordance with ISO 50001 Energy Management System, climate change related impacts are reduced by adopting efficient production processes as well as the focus on effective use of natural resources primarily on water continues. Wastes are recycled and removed consistent with the legislations. The Company co-operates with specialized institutions to protect and develop biodiversity in its operating regions.

In the construction of its African power plants, Aksa Energy used equipment from its existing power plants in Turkey that became operational in 2017. By dismantling its Samsun, Mardin-1, Mardin-2 and Idil fuel oil power plants in Turkey, and using the equipment from these power plants, the Company recorded significant cost savings in construction of its plants in Ghana, Madagascar and Mali which became operational in 2017.

To boost its environmental performance, Aksa Energy made environment related investments totaling TL 6,477,190 in 2017. The Company plans to continue making investments to improve its environmental performance in the coming year.

Climate Change and Energy

Aksa Energy is well aware of its growing responsibility to develop efficient technologies and practices due to the high impact the energy industry has on global climate change.

To this end, Aksa Energy signed the Trillion Tonne Communiqué – a declaration to the world by companies demanding that measures be taken to combat climate change. The Company places great importance on the battle against climate change and is committed to becoming a more sustainable and responsible organization in this regard.

Aksa Energy sold its wind power plants due to a shift in the Company's business model. Moreover, the hydroelectric power plant was sold as well. Additionally, the licenses of some fuel oil and natural gas power plants were cancelled and the equipment of these decommissioned plants was used to construct three heavy fuel oil power plants in Africa, a region with urgent energy demand.



BY USING LED ARMATURES AT GHANA FUEL OIL POWER PLANT, THE ENERGY SPENDING FOR LIGHTING AT THE FACILITY DECREASED 60%. AS A RESULT, WE ACHIEVED ANNUAL COST SAVINGS OF TL 137,000.

The power plants which were previously operating with low capacity in Turkey are currently operating with high capacity in Africa. Bolu Göynük Thermal Power Plant reaching full capacity along with high capacity utilization rates of the power plants in Africa and the removal of the renewable power plants from the portfolio increased Aksa Energy's greenhouse gas emissions in 2017 compared to the previous year. Therefore, the 15% emission reduction target per MWh by 2020 over year 2008 is currently being updated due to the changes in the Company's portfolio. Aksa Energy plans to assess the annual performance of those power plants with increased greenhouse gas emission and set new targets as new investments take shape.

Redirecting its climate change strategy, Aksa Energy continues to conduct its business activities with the most efficient production methods and prioritizes maximum energy efficiency.

Energy efficiency is a top priority for Aksa Energy in parallel with its new climate change strategy. The Company's efforts to this end include the following projects:

- By using LED armatures at Ghana Heavy Fuel Oil Power Plant, the energy spending for lighting at the facility decreased by 60%. As a result, the Company achieved annual cost savings of TL 137,000.
- Radiator fan motors and cooling towers were utilized in the most efficient at Şanlıurfa Natural Gas Combined Cycle Power Plant to achieve energy savings.

- Pulverized water spraying has begun at Şanlıurfa Natural Gas Combined Cycle Power Plant to boost radiator cooling capacity, resulting in annual savings of 3,600 MWh.
- A total 4,500 MWh annual savings is expected with the PA Fan Impeller change that provides hot and cold air supply at Bolu Göynük Thermal Power Plant.

Air Emissions

One of the most significant areas of environmental impact within energy generation is air emissions. Aksa Energy regularly monitors and measures the effect of its operations on air quality and ensures that its emissions fall within the legally prescribed limits. The Company makes necessary technological and capital investments to eliminate any adverse impact of the air emissions on the environment and human health.

To this end, Aksa Energy established a flue gas treatment system – the first of its kind in Turkey – at Bolu Göynük Thermal Power Plant. Thanks to this system, the power plant reached the legal emission target set by the EU for the year 2018 in 2015. In addition, Bolu Göynük Thermal Power Plant's NOx emission volume has been reduced to a low level by using fluidized bed combustion technology with limestone injection.

ENVIRONMENTAL SUSTAINABILITY

Aksa Energy is committed to recycling waste generated at every stage of its operations.

Waste Management

Waste management is one of the most important components of Aksa Energy's environmental sustainability approach. The Company conducts research studies to reduce the amount of waste and boost business process efficiency in order to achieve a higher performance level each year. Efforts are expended to improve business processes, reduce resource consumption, and decrease waste generation by using innovative technologies and resources effectively.

Aksa Energy is committed to recycling wastes generated at every stage of its operations. Waste oil, contaminated packaging and cloth, absorbent filters, slob from oil-water separators and other scrap material produced at thermal power plants are sent to licensed recycling companies for disposal. Hazardous waste is initially collected in the temporary waste storage areas within the Company's facilities and transferred by licensed vehicles to specialized recycling facilities.

Packing wastes are sent to recycling facilities which are contracted by the related municipalities in the locations of the power plants.

In 2017, ashes generated at Bolu Göynük Thermal Power Plant started to be stored at New Southern Regular Ash Storage Area instead of temporary storage. The new storage facility was built during the year and granted an environmental permit by the Environment and Urbanization Provincial Directorate.

Waste (tons)	2015	2016	2017
Non-hazardous Recycled Waste	325	895	388
Hazardous Recycled Waste	327	254	440
Recovered for Energy Use	0	195	20
Sent to the Dump Site	-	-	4,892

Water and Waste Water Management

Global water consumption is steadily increasing today, putting severe pressure on the world's water resources. Against this backdrop, Aksa Energy aims to minimize water consumption in all its business operations and processes. The Company implements numerous water conservation projects to reduce the amount of water used across the organization. Waste water yielded by production processes is discharged in accordance with the Water Pollution Control Regulation.

Over the last three years, Aksa Energy's water consumption has increased in parallel with the rising production at the natural gas power plants. Decarbonization facilities installed at the power plants helped to save 500 m³ water per hour at Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and 270 m³ of water per hour at Bolu Göynük Thermal Power Plant.

Water Consumption (m ³)	2015	2016	2017
Municipal Water	235,824	320,261	226
Surface Waters	3,220,939	7,536,569	7,649,666
Underground Water	141,083	230,893	161,987
Total	3,597,846	8,087,723	8,038,366

Total Amount of Waste Water (m ³)	2015	2016	2017
Total	1,282,380	1,478,390	1,869,430

Total Amount of Recycled Water (m ³)	2015	2016	2017
Total	60,070	416,485	567,969



AKSA ENERGY ESTABLISHED A SEAWATER DE-SALINATION SYSTEM AT NORTHERN CYPRUS KALECİK HFO POWER PLANT.

Established with a EUR 2.5 million investment in 2012, Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant's decarbonization facility lowered water consumption from 0.71 m³/MWh to 0.66 m³/MWh in 2017. As a result, 428,000 m³ of water was recycled and reused during the year.

Aksa Energy established a decarbonization facility with an investment of EUR 2.8 million at Bolu Göynük Thermal Power Plant. The Company completed a project to collect reverse osmosis waste water in a separate pool in order to humidify ashes. The project now yields additional water savings of 14.4 m³ per hour. In addition, the Company created Çatak Pond with an investment of TL 17.5 million at Bolu Göynük Power Plant; this effort was aimed to meet the water needs of the local community and operational requirements of the plant.

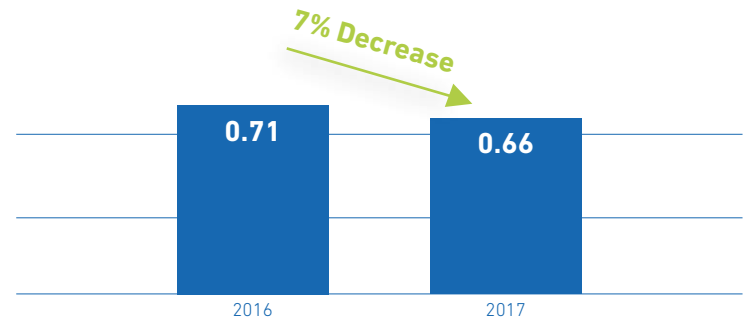
At the Manisa and Şanlıurfa Natural Gas Combined Cycle Power Plants, water treated by the reverse osmosis method started being recycled and reused in the cooling towers. As a result, water consumption declined at these facilities.

Aksa Energy established a seawater desalination system at Northern Cyprus Kalecik Fuel Oil Power Plant. Furthermore, the plant uses an Evaporator Treatment System which purifies waste water generated at the facility by evaporating and condensing for domestic needs and natural gas closed cycle systems.

The Company has executed a variety of water conservation projects at its power plants in Africa where water resources are extremely limited. Waste water generated by the water softening unit at Ghana Heavy Fuel Oil Power Plant is used in the facility's grounds irrigation system.

In November 2017, the Environment and Urbanization Provincial Directorate imposed an administrative fine of TL 21,235 on Aksa Energy because the Company did not release lifeline water supply to the stream bed in the required amounts. In response, Aksa Energy made a counterclaim in court to cancel the related decision since no production had been performed during the period in question and all the water reaching the regulator had already been released to the stream bed.

Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant Water Consumption per MWh



ENVIRONMENTAL SUSTAINABILITY

Aksa Energy places great importance on monitoring and protecting the natural life and biodiversity of the regions where it operates.

Biodiversity

Aksa Energy places great importance on monitoring and protecting the natural life and biodiversity of the regions where it operates. The Company actively supports projects that protect and enhance natural habitats, with a view toward monitoring the environmental impact of its business operations and mitigating negative impacts.

In line with this perspective, Aksa Energy initiated partnership with the Association for the Protection of Turkey's Nature (TTKD) to preserve biodiversity since 2015. One project to protect mountain gazelles was implemented for two years. In 2017, the collaboration continued with TTKD-Hatay branch under a project to explore the current situation and ecology of the striped hyena living in that region. A study was initiated on the highly endangered wild species of striped hyenas living in Kırıkhan – Gölbaşı Village. In the first phase, interviews were conducted among the local population. The overall goal of the project was to highlight the importance of protecting the striped hyena, located in the upper region of the food chain, and preserving the rich biodiversity of Hatay region.

During the two-month project, photo traps positioned in the landscape captured images of the rock gerbil (*gerbillus dasyurus*), which had not been observed in the last 22 years and was thought to be extinct. This was an important achievement for both the specialists on the project team and Aksa Energy.

The report titled "Preliminary Study on the Striped Hyena's Spread and Habitat in the Hassa – Reyhanlı Region" was published upon completion of these efforts. The report pointed to the need for meticulous protection of the local habitats which are rich in local mammals. The study results were published in regional and national media, thereby broadening awareness on the rich biological diversity of the area.

The striped hyena project is noteworthy among other studies carried out in that region for its scope and effectiveness. Scientists who acted as consultants to the study praise its results.

This project is also significant with regard to biodiversity as it showed there are 10 other types of carnivores – wolf, weasel, red deer, fox, marten, badger, poppy, herpestes, wildcat, jungle cat – in a small region like Kırıkhan-Reyhanlı that share the same space with the striped hyena.

Aksa Energy plans to support another biodiversity project in 2018. This new project will aim to determine the presence (present condition) of red deer (*cervus elaphus*) around Yedigöller National Park and its ecology. In addition, the study will identify the following about the species *cervus elaphus*: population numbers; distribution and density of its population; habitat; nourishment and nutrition sources; social behaviors; relationships with humans; threat risks and precautions required for the protection of the species. As a large mammal, the red deer is a symbolic species representing the biodiversity of the region.



EMPLOYEES

Aksa Energy provides a working environment where all occupational health and safety measures are taken. The Company also administers regular OHS training to its employees.

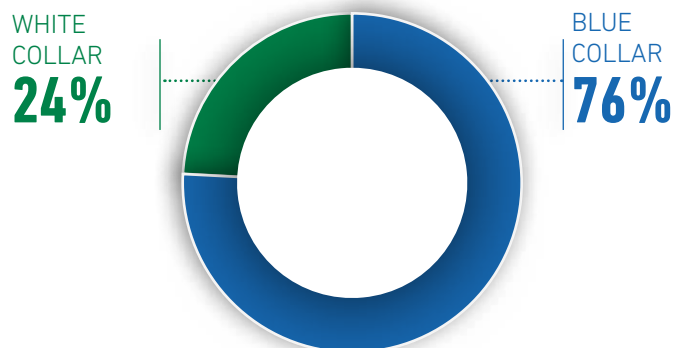
Aksa Energy sees its employees as its most valuable asset and formulates its corporate policies with that perspective. The Company takes steps to provide better employee working conditions and to develop its workforce. Aksa Energy's goal is to become the most preferred employer in the energy industry.

The Company is aware that managing and developing employees in the most effective manner ensures sustainable success and creates value. Aksa Energy provides a working environment where all health and safety measures are taken. The Company also administers regular OHS training to its employees. The Company is firmly committed to taking all necessary precautions to ensure a healthy and safe working environment for its workforce.

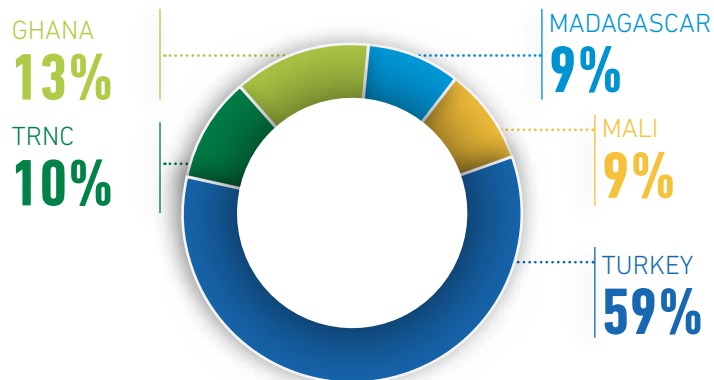
Aksa Energy aims to retain development-oriented, productive and highly motivated employees. Understanding that reaching long-term corporate goals requires staff support, the Company continuously invests in its human capital. Aksa Energy always strives to foster and sustain a work environment based on respect for diversity, differences, and universally accepted human rights.

The Company uses ERP (Enterprise Resource Planning) systems to manage its human resources more effectively and efficiently. Accordingly, career maps and staff talent pool are set to be defined at the Company by 2020.

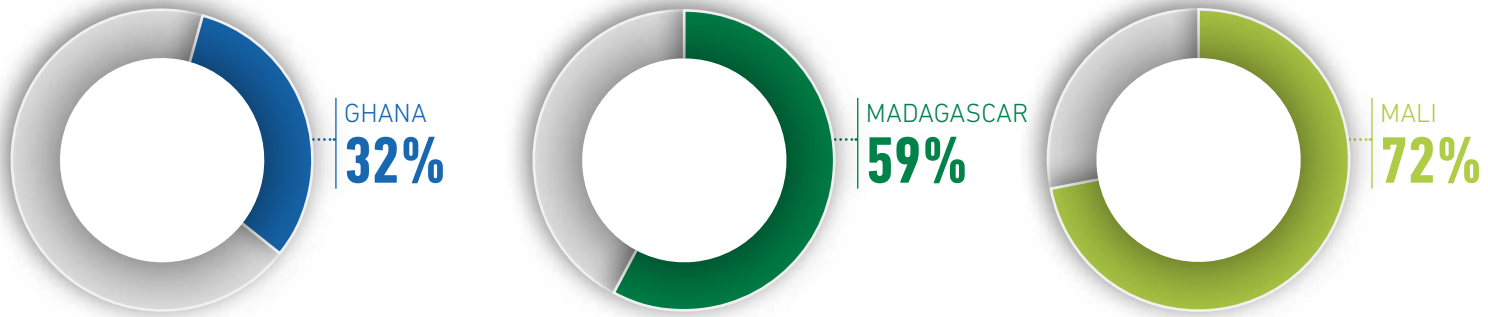
Percentage of Employees by Category



Percentage of Employees by Country



Local Employment Rate in International Power Plants



As of end-2017, Aksa Energy employed 1,019 personnel; of whom, 76% are blue collar and 24% are white collar. 9% of employees are located at headquarters, with the remaining 91% at the power plants in various geographic regions. As a global company, Aksa Energy operates in different regions of the world and believes that the resulting workforce diversity strengthens its organizational structure. At all its domestic and foreign power plants, the Company selects its contracted employees from the local community in order to support the development of each regional economy. Some 32% of employees at Ghana Heavy Fuel Oil Power Plant are from the local community, compared with 59% at Madagascar and 72% at Mali power plant.

In 2017, the ratio of female employees at the Company increased by 4% and almost doubled. Women personnel account for 9% of the Company's total workforce. Some 75% of female employees took maternity leave and all of them returned to work at the Company afterwards.

Respect for Human Rights

Aksa Energy is committed to respecting the universally recognized human rights of its employees and business partners while conducting all its business activities. The Ethics Committee is responsible for ensuring compliance with the Aksa Energy Human Rights Policy. Issued in 2016, the Policy details the Company's commitment to uphold basic human rights. The Policy is published on the corporate website in all languages of the countries where Aksa Energy operates.

Safe Working Environment

Occupational health and safety (OHS) is a top priority at Aksa Energy. The Company aims to provide an environment that ensures all necessary measures are taken for its entire employees and business partners in accordance with its **"zero accident"** target.

Aksa Energy, as a OHSAS 18001 Occupational Health and Safety Management Certificate holder, aims to receive the certificate for Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant in 2018. The Company plans to obtain the same certification for its other power plants in the coming years. Aksa Energy is committed to ensuring that all necessary precautions related to OHS are taken at subcontractor firms and organizations and all Company facilities across Turkey.

Aksa Energy uses Corrective and Preventive Action Reports to assess conditions across the organization. This reporting tool guides the Company in taking measures to avoid problems related to employee injuries, enhance OHS performance and achieve the **zero accident** objective. In addition, emergency plans are maintained in order to be prepared for all potential job-related accidents or emergency scenarios.



AKSA ENERGY ALSO PRIORITIZES OCCUPATIONAL HEALTH AND SAFETY AT ITS OVERSEAS INVESTMENTS. AFTER SETTING A "1 MILLION MAN HOURS X ZERO ACCIDENT" TARGET FOR GHANA HEAVY FUEL OIL POWER PLANT IN MAY 2017, THE COMPANY REACHED THAT OBJECTIVE IN JANUARY 2018. AKSA ENERGY HAS BECOME A MODEL COMPANY BY ACHIEVING SUCH A SUCCESS IN ITS DOMESTIC AND INTERNATIONAL OCCUPATIONAL SAFETY RECORD.

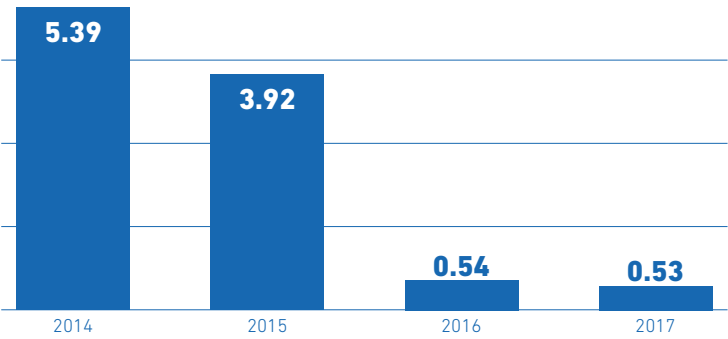
EMPLOYEES

Aksa Energy aims to bolster its competitive power by accurately forecasting its human resources needs by analyzing possible changes in the industry.

OHS evaluation and development efforts at the Company are based on statistics in Turkey and Europe and are designed to prevent occupational accidents and diseases. These activities are carried out by the OHS Board, which comprises 20% of Aksa Energy employees and represents 70% of the workforce. The OHS Board and the Sustainability Committee are responsible for conducting assessments related to sustainability issues and providing reports to the CEO when deemed necessary.

In 2017, there were 23 accidents and two fatal occupational accidents in total; no one suffered from occupational illness at the Company. To maintain high OHS standards, Aksa Energy focused on delivering training programs on accident prevention. Some 70% of employee training programs totaled 21,183 man hours was assigned to OHS subjects. During the year, training programs totaling 12,950 man hours were administered to 1,466 employees on OHS subjects at the Company's power plants in Turkey and abroad. All employees were informed about the various precautionary measures and emergency plans in place to guard against potential workplace accidents.

Accident Frequency Rate



Performance and Career Management

Aksa Energy actively supports the career path and development of its human resources with talent management studies. Career paths are created on common ground that benefits both employees and the Company, enabling staff members to improve their skills and help the Company achieve its corporate goals.

Aksa Energy sets corporate goals that reflect the importance given to employee recognition. In accordance with its target, the Company has planned competency-based performance assessment for its blue-collar workers until 2019. In addition, the Company aims to expand its offering of personal and occupational training programs by 20% in hours and numbers by 2020.

The performance management system plays an important role in the Company's Remuneration Policy. Aksa Energy has adopted a fair and transparent remuneration policy based on performance to maintain its status as a preferred employer in the industry. Additionally, the Company closely monitors general macroeconomic conditions, the current inflation rate in Turkey and industrial trends to guarantee an appropriate and fair remuneration policy for its employees.

Aksa Energy's Remuneration Policy is based on the following principles:

- Fairness,
- Transparency,
- Upholding measurable and balanced performance criteria,
- Encouraging sustainable success,
- Complying with risk management principles of the company

Aksa Energy aims to bolster its competitive power by accurately forecasting its human resources needs by analyzing possible changes in the industry. To this end, the Company plans to prepare a risk and opportunity matrix by 2020, which will feature the job positions that cannot be immediately filled through transfers and promotions within the organization.



COMMUNITY RELATIONS

Aksa Energy collaborates with 2,022 suppliers from 14 countries on three continents. These suppliers include subcontractors, intermediaries and consultancy firms that provide services in energy production and mining. The number of suppliers to the Company increases steadily each year.

Aksa Energy defines its stakeholders as all persons and institutions that are affected by its business operations. Embracing a strong corporate social responsibility approach, the Company conducts its business processes and operations in consideration of their social and economic impacts on its stakeholder community. Committed to minimizing the adverse impacts of its commercial activities, the Company takes steps to monitor the possible results of those impacts. Aksa Energy also solicits the opinions and suggestions from the local population.

Aksa Energy gives priority to the economic, cultural and social needs and development of the local community wherever the Company conducts business operations. To this end, the Company focuses on local employment to meet its human resources needs. As a reflection of this approach, local residents accounted for 51.3% of Aksa Energy's total employees by year-end 2017: 41 in Ghana, 65 in Mali and 55 in Madagascar. In addition, the Company employs 167 local subcontractor employees in total in the African countries where it operates. Implementing the same recruitment policy at its power plants in Turkey, Aksa Energy staffed Bolu Göynük Thermal Power Plant from the neighboring villages of Göynük.

The needs of local stakeholders are also met through infrastructure works and repair projects that support economic development in the Company's regions of operation. Opinions, recommendations and complaints from the regions are received via various channels, such as email messages or during special meetings. After an assessment, these communications are resolved as needed. When additional services are required at the Company's power plants, subcontracting firms are chosen from the region to provide more local employment opportunities for the community. Aksa Energy collaborates with 2,022 suppliers from 14 countries on 3 continents. These suppliers include subcontractors, intermediaries and consultancy firms that provide services in energy production and mining. The number of suppliers to the Company increases steadily each year.

Aksa Energy encourages suppliers to comply with international standards in occupational health and safety, and environmental protection. In 2017, the Company completed all infrastructure preparation work related to the integrated procurement management system and developed a system connected to SAP. Additionally, the Company aims to digitalize supplier analysis processes in 2018.

Placing great importance on social responsibility, Aksa Energy carries out various activities focused on children – the promise of our future. These efforts include giving support to education and culture. The Company arranges tours and training programs for the development of young people. Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant has received many visitors from various schools and organizations. In 2017, 7 tours of the power plant were attended by 221 visitors in total.



**LOCAL RESIDENTS
ACCOUNTED FOR 51.3% OF
AKSA ENERGY'S TOTAL STAFF
RECRUITMENT AT YEAR-END
2017: 41 IN GHANA, 65 IN MALI
AND 55 IN MADAGASCAR.**



ENVIRONMENTAL PERFORMANCE DATA

Greenhouse gas emissions from all buildings, generators (excluding headquarters) and cooling gases under the control of Aksa Energy were included in the inventory.

Energy Consumption (MWh)	2015	2016	2017
Electricity	139,504	333,334	357,944
Natural Gas	7,060,440	8,450,047	9,311,968
Lignite	1,080,849	5,618,960	5,475,872
Fuel Oil	1,686,248	1,750,346	3,736,302
Diesel	77	80	544
Total	9,967,119	16,152,765	18,882,630
Energy Consumption per MWh	1.36	2.20	2.09

Greenhouse Gas Emissions (tons CO ₂)	2015	2016	2017
Scope 1	2,295,641	4,255,280	4,888,820
Scope 2	77,021	163,781	183,315
Total	2,372,661	4,419,061	5,072,135
Greenhouse Gas Emissions per MWh (kg CO₂)	323	601	562

The greenhouse gas calculation method chosen is based on greenhouse gas activity data multiplied by greenhouse gas emission or removal factors. Greenhouse gas emissions were calculated according to the Greenhouse Gas Protocol methodology. The activity limits were designated as Scope 1 (direct) and Scope 2 (indirect).. The Global Warming Potential (GWP) factors were taken from Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5).

Air Emissions (kg)	2015	2016	2017
NOx	1,885,255	2,408,120	19,285,292
SOx	11,464	9,644	5,129,198
Water Consumption (m³)	2015	2016	2017
Municipal Water	235,824	320,261	226,713
Surface Waters	3,220,939	7,536,569	7,649,666
Underground Water	141,083	230,893	161,987
Total	3,597,846	8,087,723	8,038,366
Total Amount of Waste Water (m³)	2015	2016	2017
Total	1,282,380	1,478,390	1,869,430
Total Amount of Recycled Water (m³)	2015	2016	2017
Total	60,070	416,485	567,969
Waste (tons)	2015	2016	2017
Non-hazardous Recycled Waste	325	895	388
Hazardous Recycled Waste	327	254	440
Recovered for Energy Use	-	195	20
Sent to the Dump Site	-	-	4,892
Environment Investment and Expenses (TL)	2015	2016	2017
Total	37,036,000	11,649,701	6,477,190

SOCIAL PERFORMANCE DATA

Employees by Gender	2015	2016	2017
Women	33	37	84
Men	746	745	935

Employees by Category	2015		2016		2017	
	Women	Men	Women	Men	Women	Men
White-collar	28	228	29	270	65	179
Blue-collar	5	518	8	475	19	756

Employees by Contract Type	2015	2016	2017
Full-time	777	782	1,007
Part-time	2	0	0

Senior Management Structure	2015		2016		2017	
	Women	Men	Women	Men	Women	Men
Over 50 Years Old	0	2	0	0	0	1
31-49 Years Old	1	5	0	2	3	1
Under 30 Years Old	0	0	0	0	0	0

Parental Leave	2015		2016		2017	
	Women	Men	Women	Men	Women	Men
Employees on Parental Leave	4	35	3	38	4	0
Employees Returned to Work After Parental Leave	4	35	3	38	3	0

New Recruits by Gender and Age	2015		2016		2017	
	Women	Men	Women	Men	Women	Men
Number of New Recruits	9	162	17	146	39	198
Over 50 Years Old	-	7	-	6	2	5
31-49 Years Old	3	38	8	51	13	64
Under 30 Years Old	6	117	9	89	24	129

Employees Quitted Work by Gender and Age	2015		2016		2017	
	Women	Men	Women	Men	Women	Men
Number of Employees Quitted Work	8	163	7	166	23	332
Over 50 Years Old	-	14	1	19	0	20
31-49 Years Old	5	77	3	104	20	229
Under 30 Years Old	3	72	3	43	3	83

GRI CONTENT INDEX



GRI Standard	Disclosure	Page Number/Link Omission	Explanation for Omission
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Organizational Profile		
	102-1	1	
	102-2	4	
	102-3	http://www.aksaenerji.com.tr/en/contact-us/	
	102-4	7	
	102-5	6	
	102-6	7	
	102-7	7	
	102-8	40-41	
	102-9	44	
	102-10	12-14	
	102-11	30	
	102-12	http://img-aksayatirimci.mncdn.com/media/6874/aksa-energy-2016-sustainability-report.pdf	
	102-13	http://img-aksayatirimci.mncdn.com/media/6874/aksa-energy-2016-sustainability-report.pdf	
	Strategy		
	102-14	10-12	
	102-15	30	
	Ethics and Integrity		
	102-16	28	
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	102-18	28-29	
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	102-20	28-29	
	102-22	http://img-aksayatirimci.mncdn.com/media/7120/aksa-enerji-2017-yili-faaliyet-raporu.pdf	
	102-23	http://www.aksainvestorrelations.com/corporate-governance/list-of-insiders/	
	102-24	http://img-aksayatirimci.mncdn.com/media/7120/aksa-enerji-2017-yili-faaliyet-raporu.pdf	

GRI CONTENT INDEX

GRI Standard	Disclosure	Page Number/Link Omission	Explanation for Omission
GRI 101: Foundation 2016			
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GRI 102: General Disclosures 2016	102-29	28-29	
	102-30	30	
	102-32	29	
	102-33	http://img-aksayatirimci.mncdn.com/media/7120/aksa-enerji-2017-yili-faaliyet-raporu.pdf	
	102-35	http://www.aksainvestorrelations.com/corporate-governance/remuneration-policy/	
	102-36	http://www.aksainvestorrelations.com/corporate-governance/remuneration-policy/	
	Shareholder Analysis		
	102-40	25	
	102-41	No employee is covered by the collective labor agreement.	
	102-42	24	
	102-43	24	
	102-44	24	
	Report Profile		
	102-45	http://img-aksayatirimci.mncdn.com/media/7120/aksa-enerji-2017-yili-faaliyet-raporu.pdf	
	102-46	22, 23	
	102-47	23	
	102-48	There is no change compared to the previous reporting period.	
	102-49	There is no change compared to the previous reporting period.	
	102-50	1	
	102-51	1	
	102-52	1	
	102-53	1	
	102-54	1	
	102-55	49-51	
	102-56	No external assurance sought for this report.	
GRI 200: Economic Standard Series			
Economic Performance			
GRI 103: Management Approach 2016	103-1	18-19	
	103-2	18-19	
	103-3	18-19	
GRI 201: Economic Performance 2016	201-1	http://img-aksayatirimci.mncdn.com/media/7120/aksa-enerji-2017-yili-faaliyet-raporu.pdf	
GRI 300: Environmental Standard Series Energy			
Energy			
GRI 103: Management Approach 2016	103-1	34	
	103-2	34	
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GRI 302: Energy 2016	302-1	46	
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	302-4	35	

GRI Standard	Disclosure	Page Number/Link Omission	Explanation for Omission
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GRI 103: Management Approach 2016	103-1	36	
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	103-3	36	
GRI 303: Water 2016	303-1	47	
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Emissions			
GRI 103: Management Approach 2016	103-1	34	
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GRI 305: Emissions 2016	305-1	46	
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GRI 306: Effluents and Waste 2016	306-2	47	
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GRI 103: Management Approach 2016	103-1	34	
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GRI 307: Environmental Compliance 2016	307-1	37	
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GRI 403: Occupational Health and Safety 2016	403-2	41-42	
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GRI 103: Management Approach 2016	103-1	40-42	
	103-2	40-42	
	103-3	40-42	
GRI 404: Training and Education 2016	404-1	42	
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