



Akenerji Sustainability Report

2013

Contents

02	Message from the CEO
04	Company Profile
12	Our Approach to Sustainability
22	Corporate Governance & Risk Management
28	Product and Service Responsibility
34	Occupational Health and Safety
40	Employees
49	Environment
57	Community Investment
58	GRI Index

About The Report

We, as Akenerji, continuously improve our company to invest in the bright future of Turkey in order to meet demands in the light of the market and global trends. We take contemporary steps in the field of sustainable energy thanks to our future-oriented practices, proactive approaches, and decision mechanisms based upon international standards.

As one of Turkey's well-established energy companies, in all of our production practices we give priority to solutions that minimize environmental and social risks. We, as Akenerji, continuously improve our company to invest in the bright future of Turkey in order to meet demands in the light of the market and global trends. We take contemporary steps in the field of sustainable energy thanks to our future-oriented practices, proactive approaches, and decision mechanisms based upon international standards.

This is the second comprehensive sustainability report which is developed and issued in line with the expectations of our employees, customers, creditors and local communities of the regions we operate in. Reflecting our environmental, social, ethical and economic practices and performance mainly in the period between 1 January 2013 and 31 December 2013, this Report covers the figures of the last two or three years in order to demonstrate the trend. Data on environmental performance and occupational health and safety have been obtained from the management systems that join to form Akenerji Integrated Management System and that are approved and regularly audited by independent accredited institutions.

Unless mentioned otherwise, the environmental and occupational health and safety performance data cover 11 Akenerji power plants operating in Turkey during the reporting period as well as the Headquarters in İstanbul. Qualitative information on power plants that are still in investment phase is disclosed in the "Product and Service Responsibility" section of this Report. 5 power plants included in the Report were put into operation in 2010 and three of them started operation in 2012. In addition, one natural gas power plant was closed as of the end of 2012. Therefore, figures disclosed for different years show significant differences in a number of performance indicators.

The content of the Report is developed by the Sustainability Committee within Akenerji and is based on the Sustainability Reporting Principles of the Global Reporting Initiative (GRI), within the framework of the requirements of the B application level of the GRI G3 Guidelines. While developing the content of the Report, we paid attention to include material and important issues, especially analyzing the expectations of our stakeholders.

The words "Akenerji", "we", "us", "the Company", and "our Company" mean "Akenerji Elektrik Üretim A.Ş" and the Subsidiaries (Akenerji Group) listed below.

With the goal of issuing such reports every year regularly, we herewith present our Sustainability Report, hoping that it will be an active communication platform with our stakeholders.

Please contact us for all suggestions, comments and questions regarding the content of our Report and our sustainability performance and practices.

E-mail: info@akenerji.com.tr

Companies included in the 2013 Akenerji Sustainability Report

Companies in Operation:

Akenerji Elektrik Üretim A.Ş.

(Power plants: Kemalpaşa NGPP, Bozüyük NGPP, Ayyıldız WPP, Uluabat HEPP, Akocak HEPP)

Akkur Enerji Üretim Tic. ve San. A.Ş.

(Power plants: Burç Bendi HEPP, Fekeler HEPP, Fekeler I HEPP)

Mem Enerji Elektrik Üretim San. ve Tic. A.Ş.

(Power plants: Bulam HEPP, Himmetli HEPP, Gökçaya HEPP)

Investments:

Egemen Elektrik Üretim A.Ş. (Erzin NGPP) - *in construction phase*

Ak-EI Kemah Elektrik Üretim A.Ş. (Kemah HEPP) - *in project phase*

Other:

Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Tic. A.Ş.

Message from the CEO



The sustainability concept at Akenerji is integrated with legal compliance, high level of customer satisfaction, operational efficiency, protection of natural resources, minimizing environmental and social risks, more environment-friendly production principles, which are also the main components of our corporate strategy.



Dear Stakeholders,

The sustainability concept at Akenerji is integrated with legal compliance, high level of customer satisfaction, operational efficiency, protection of natural resources, minimizing environmental and social risks, more environment-friendly production principles, which are also the main components of our corporate strategy. I am honored to present you our environmental, social and economic practices performed in line with these principles in 2013 as well as the performance we achieved through these practices. Similar to our first Report, the content of our second Sustainability Report has also been drawn in reference to Global Reporting Initiative (GRI) Reporting Guidelines and we improved our application level from “C” to “B”. We developed the contents of the Report in accordance with the performance management statements on material and prioritized issues and with the expectations of our stakeholders.

In parallel to continuing global fluctuations, 2013 has been a hard year especially for developing countries and Turkey. In a period of difficulties in the Turkish energy sector, we, as Akenerji, maintained our competitive power in the market by making the right decisions and successfully realized our 2013 targets. With a total installed capacity of 647 MW by the end of 2013, 60% of this capacity is from the renewable energy sources. We will continue our renewable energy practices in the coming years.

We support the transition to low-carbon economy, which aims to combat the global issue of climate change. With this awareness, we not only improve our renewable energy portfolio, but also use modern, environment-friendly and state-of-the-art gas turbines with high efficiency and low emission values in our new natural gas project. In addition, we supply carbon-neutral energy to customers, aiming to mitigate or neutralize emissions, with our carbon emission mitigation certificates granted to our renewable energy power plants. As a voluntary member to the Carbon Disclosure Project (CDP) implemented by Sabancı University Corporate Management Forum, we have been reporting our climate strategy and carbon emissions performance to international investors since 2011.

In recent years, our successful practices within the scope of our quality and environmental policies earned awards to our Natural Gas Power Plants in Çerkezköy and Bozüyük. This time our Kemalpaşa Natural Gas Power Plant received the second prize in “Environmental Awards” and the third prize in “Environmental Corporate Social Responsibility Awards” in the “2012 Environmental Awards Contest” organized and concluded in 2013 by the Aegean Region Chamber of Industry to support industrial plants and regions with successful environmental practices.

With energy generation activities to meet the energy demand which is the main principle of development, Akenerji contributes to the development and improvement of the society. On the other hand, we aim to support both Turkish economy by providing employment for regional-development and the educational, environmental, and cultural needs of the society. Our community investment is focused on social solidarity, education, environment, sports, and culture especially in the cities and towns where our power plants operate in. Within the scope of such efforts, we built the “Egemen Elektrik Üretim A.Ş. Şehit Uğur Ekiz Technical High School” in Erzin, Hatay where our Erzin Natural Gas Combined Cycle Plant is located. The school became operational in 2014 academic year.

Among the key factors of Akenerji’s reputation as a leader of the energy industry are its modern human resources practices and the value attached to employee satisfaction. In 2013, we organized Management Development Trainings for all management-level employees. In addition, we migrated most of our training and performance evaluation processes to the digital environment and thus improved the effectiveness of these processes within human resources practices.

We aim to improve the content of our Sustainability Report every year and to share it with all of our stakeholders in the hope of receiving feedback and suggestions.

Sincerely,

Ahmet Ümit Danişman



Company Profile

By establishing a well-balanced portfolio with our steady investments, we maintained our strong position in the energy sector in 2013, despite the changing competitive conditions.



About Akenerji

As a member of the Akkök Group of Companies, Akenerji started its operations in the industry in 1989 as an auto producer group. Akenerji underwent a status change in 2005 to become an independent generation company and started to operate under the name Akenerji Elektrik Üretim A.Ş. We became one of the largest private power generation companies in Turkey with an installed capacity of 647 MW as of 2013. Akenerji reached a renewable energy installed capacity of 388 MW with the activation of three hydroelectric power plants successively in 2012. As of 2013, share of renewable energy sources within our total installed capacity is 60%.

In addition to electricity generation in existing power plants in 2013, we created additional value by selling approximately 900 million kWh electricity procured from third parties. Almost half of this amount is obtained from renewable sources.

With the activation of the 900 MW-capacity Erzin Natural Gas Combined Cycle Plant, which is one of the largest natural gas power plant investments in Turkey, in 2014, electricity generation of 6.7 billion kWh is expected. Another investment continuing in 2013 is the Kemah Dam and Hydroelectric Power Plant (HEPP)

in the Kemah town of Erzincan, which has an installed capacity of 160 MW. Expected to generate 564 GWh electricity per year, the Kemah Dam and HEPP Project are planned to become operational in 2017. The application to regulatory bodies to increase the installed capacity of Kemah Hydroelectric Power Plant Project to 198 MW is expected to be finalized in 2014.

The basic characteristics that differentiate Akenerji in the sector are its flexible and dynamic structure that rapidly conforms to global competition conditions, its visionary strategy, its production-oriented nature, and its adherence to international standards in business processes. Thanks to these characteristics, Akenerji has been on the list of "Turkey's 500 Largest Industrial Establishments" released by the Istanbul Chamber of Industry uninterruptedly since 1993.

In addition to natural gas-based generation, Akenerji also makes large-scale investments in renewable energy sources. We aim to reach a well-balanced portfolio and manage fuel supply risk by diversifying our energy sources.

Vision, Mission and Values

Vision

To maintain its leading position in the Turkish energy sector and become one of the largest integrated companies that shape the industry.

Mission

To make reliable and long-term contribution to Turkey's energy needs by operating with a quality-focused approach at every stage of the energy sector value chain.

Corporate Values

- Reliability
- Integrity
- Accountability
- Transparency
- Customer Satisfaction
- Social Responsibility

Akenerji in Figures

Generation Capacity

647 MW (Electricity-Natural Gas, Hydroelectric and Wind-powered generation) **273 tons** (Steam)

Active Power Plants

- 2 Natural Gas Power Plants
- 1 Wind Energy Power Plant
- 8 Hydroelectric Power Plants

Investments in Construction Phase

900 MW (Natural Gas)

Investments in Project Phase

160 MW (Hydroelectric)

Services

- Electricity Generation and Sale
- Electricity Import-Export and Wholesale
- Electricity Retail Sale and Distribution
- Steam Generation and Sale
- Natural Gas Import-Export and Wholesale

Number of Employees

299

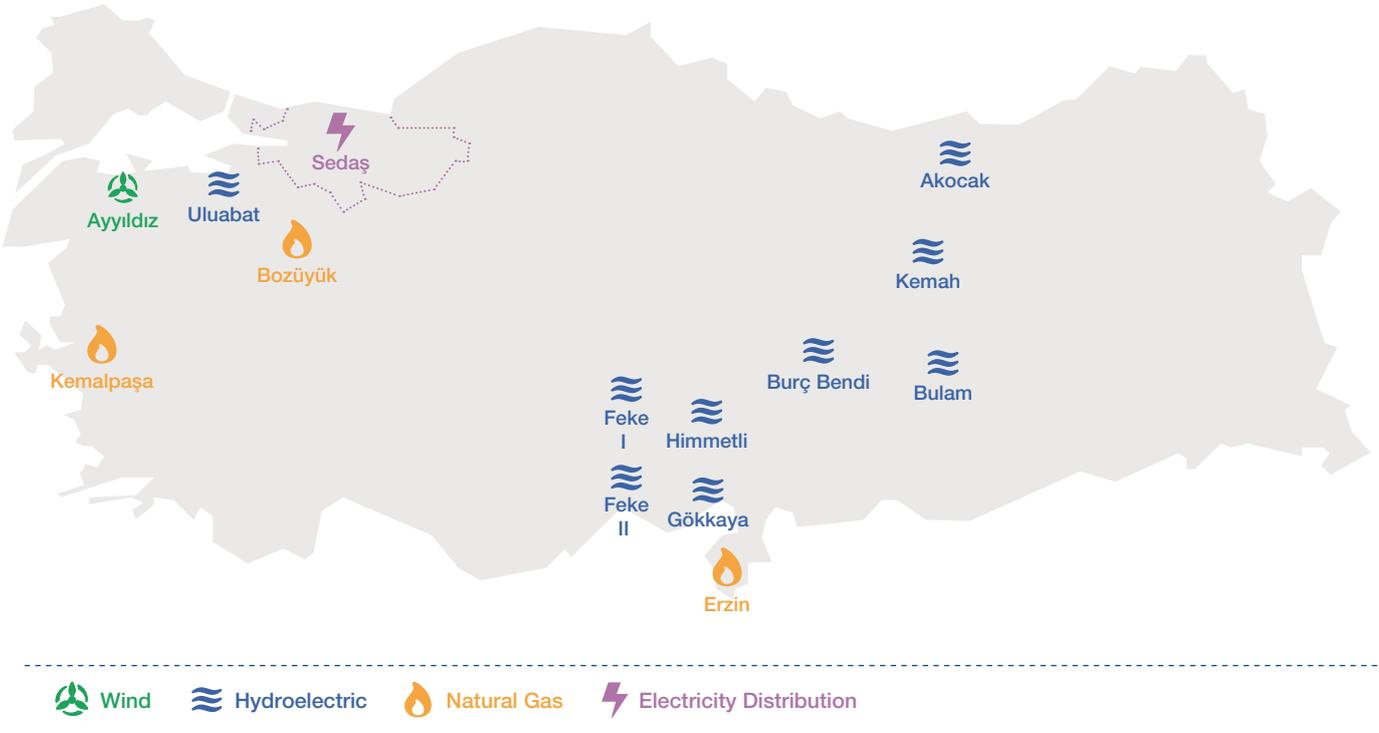
2013 Turnover

TL 771 million

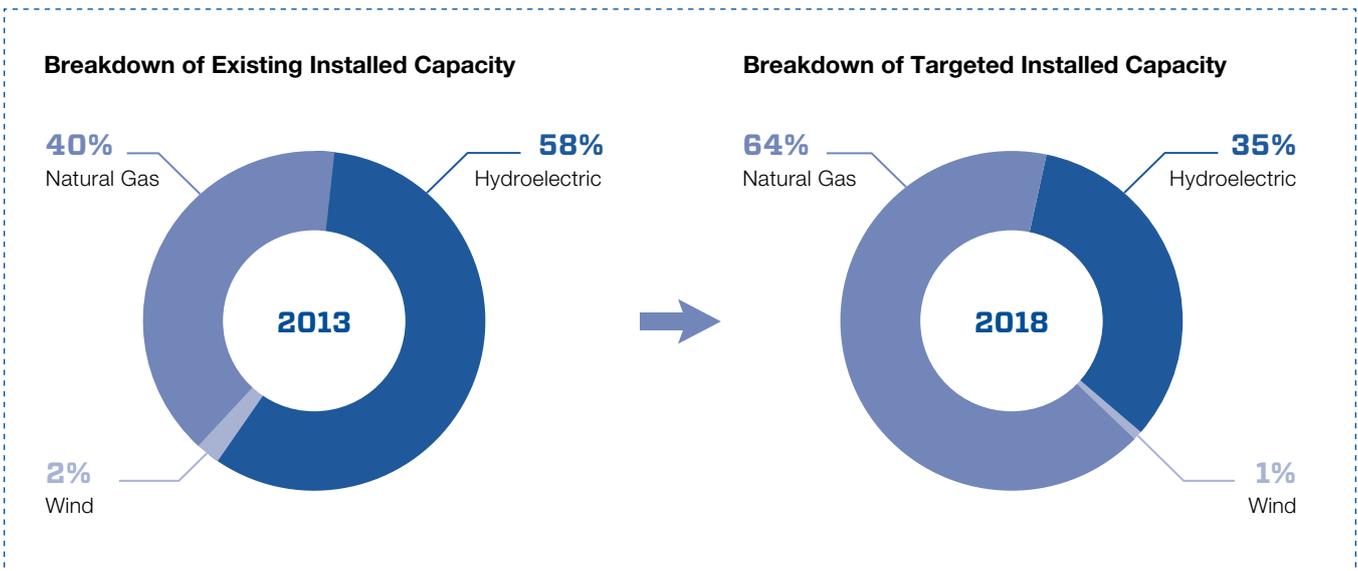


Operations Map

Steady investments made by Akenerji in renewable energy sources are a reflection of the Company's approach to sustainability.



Breakdown of Installed Capacity by Source



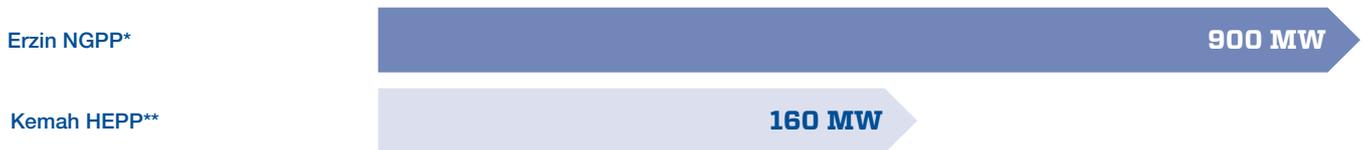
Installed Capacity

Power Plants
in Operation

Year of
Becoming
Operational



Power Plants
in Investment
Phase



(*) Investment in construction phase. Expected to become operational in 2014.

(**) Investment in project phase.

Steam Generation Capacity



Financial and Operational Indicators

The positive influence of our investments on our financial performance is noticeable. Our consolidated financial indicators of the last 5 years are presented in the table below.

Consolidated Financial Indicators (TL million)	2009	2010	2011	2012	2013
Net Sales	457	428	560	802	771
Gross Profit from Sales	65	43	110	139	149
Operating Profit	24	8	59	82	76
Profit before Interest, Taxes, Depreciation and Amortization	50	36	106	136	136
Net Profit / (Loss)	24	(26)	(213)	81	(127)
Total Current Assets	353	187	220	526	398
Short-term liabilities	426	471	612	485	382
Working Capital	38	9	(3)	11	(12)
Tangible and Intangible Assets	852	1,353	1,539	1,720	2,513
Total Financial Liabilities	708	926	1,419	1,459	2,052
Total Assets	1,506	1,911	2,229	2,824	3,201
Total Liabilities	791	1,146	1,705	1,879	2,373
Total Shareholders' Equity	715	765	524	941	828
Cash and Cash Equivalents at the End of the Period	188	40	85	174	243
Capital Expenditures	364	465	267	239	899
Market Capitalization at the End of the Period - ISE	915	1,357	691	1,196	875

Note: The transfer of Yalova power plants that have a total 70 MW installed capacity to Aksa Akrikim Kimya San. A.Ş. on April 30th, 2009 resulted in a decrease in sales. Calculated decrease in value due to the shutdown of Kemalpaşa Power Plant had a TL 35.5 million negative effect on 2013 EBITDA.

Contribution to Economy

With our corporate operations, we, as Akenerji, not only contribute to the Turkish economy by helping to meet energy demand, but also generate economic value for our stakeholders.

Economic Value Generated and Distributed

The distribution of the economic value we generated as a result of our operations in 2013 is summarized in the table below. Our operating costs amount to 79% of the total economic value distributed and the remnant is distributed to stakeholders.

Economic Value Generated	TL million
Direct Economic Value Generated	
a) Revenues	771.0
Economic Value Distributed	
b) Operating costs	611.9
c) Employee wages and other benefits	9.7
d) Payments to providers of capital	0.0
e) Payments to the government	73.4
f) Community investment	0.8
Economic Value Retained	75.2

Note: The figures are as of the end of the financial year, i.e. December 31st, 2013.

Energy Sector in Turkey

While the Turkish economy grew by 4%, the electricity demand per capita increased only 1.3% in 2013. Unlike the usual positive correlation between Gross Domestic Product (GDP) growth and electricity demand growth so far, they did not move together this year as the sectors such as services and construction gained weight within the composition of the economic growth instead of energy intensive industry. Although there is not much change in electricity demand, the increase in supply exerted a downward pressure on market prices and electricity market prices fell approximately 2.7% compared to 2012.

The New Electricity Market Law enforced on March 30th, 2013 has been an important step in regulating the market. In addition, with the establishment of Enerji Piyasaları İşletme A.Ş. (EPIAŞ – also known as the Energy Exchange), number of contracts in derivatives and Organized Wholesale Market is expected to increase. When EPIAŞ becomes operational, liquidity of the electricity market will increase and the market will become more efficient and transparent.

In 2013, privatization processes for electricity distribution regions were completed. Privatization of electricity generation is continuing. Public share in total installed capacity decreased from 60% in 2012 to 52% in 2013. Natural gas-based generation continued in 2013 and 43% of the total generation came from natural gas, followed by hydro (27%) and coal (25%).

Energy and Current Account Balance

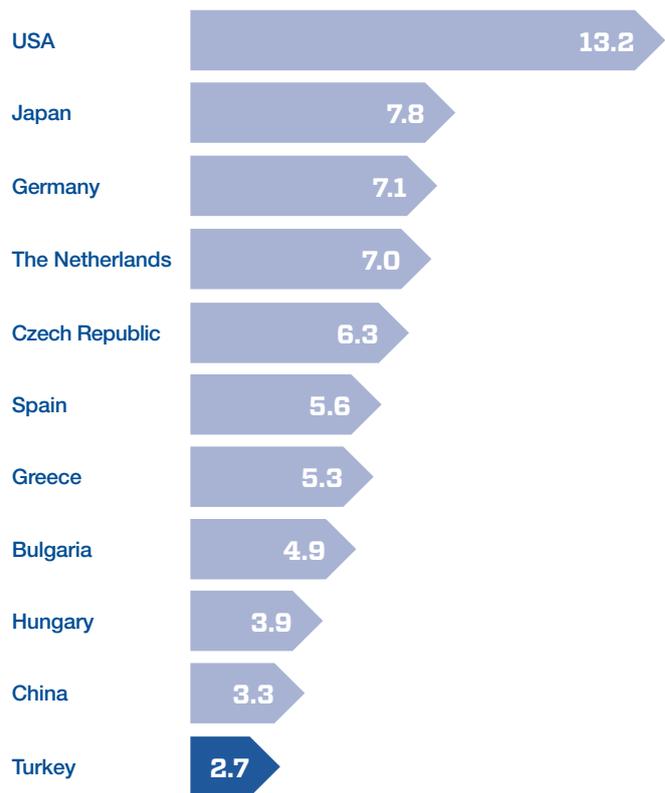
In the second half of 2013, oil prices started to increase, partially due to the Syrian crisis. In addition to this increase, when the Central Bank of the USA announced that it may stop the monetary expansion, the Turkish lira lost a significant amount of value against US dollars and the historical record of 2 TL/USD rate was exceeded. The increase in oil prices and exchange rates caused an increase in energy imports figures of Turkey, which meets the major part of its energy demand through imports. Maintaining its share in the current deficit in 2013, energy imports reached USD 51 billion by the end of the year.

Reducing the dependency on foreign energy sources will be the most effective solution for decreasing the share of energy imports within the current deficit, which is accepted as the most material problem of the Turkish economy. Therefore, renewable and local sources such as hydroelectric and wind power should be used more efficiently.

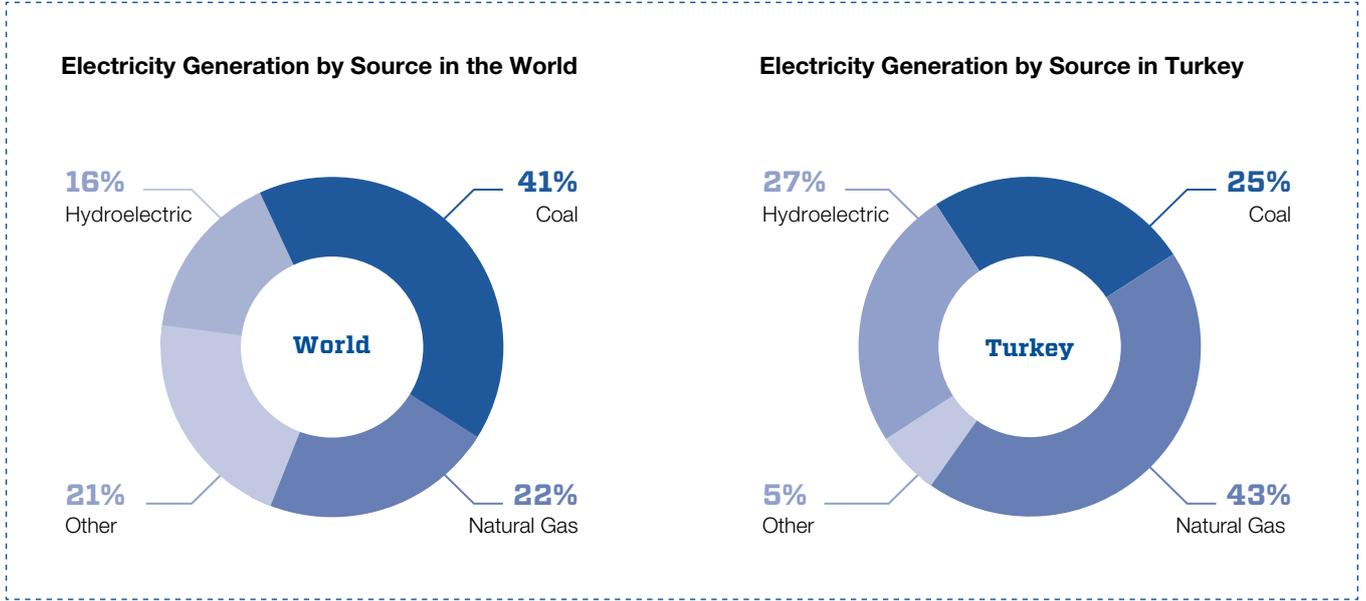
Global Energy Markets Towards 2035

China, India and Middle Eastern countries are estimated to have the largest share in the increase in global energy demand by 2035. This estimate results from the predictions that life standards in these regions will improve in coming years.

Average Electricity Consumption Per Capita* (MWh)



Source: * World Bank World Development Indicators, 2012



Source: TETAŞ, IEA

Corporate Structure of Akenerji Subsidiaries and Affiliates

- AkÇEZ Enerji Yatırımları Sanayi ve Ticaret A.Ş. *
- Ak-El Yalova Elektrik Üretim A.Ş.
- Aken B.V. **
- Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Tic. A.Ş.
- Akka Elektrik Üretim A.Ş. ***
- Akkur Enerji Üretim Tic. ve San. A.Ş.
- Egemer Elektrik Üretim A.Ş.
- Mem Enerji Elektrik Üretim San. ve Tic. A.Ş.
- Ak-El Kemah Elektrik Üretim A.Ş.
- Akenerji Doğal Gaz İthalat İhracat ve Toptan Tic. A.Ş.
- Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) ****
- Sakarya Elektrik Perakende Satış A.Ş. (SEPAŞ) ****

* On August 3, 2012 Akenerji decided to sell its 45% shares in its subsidiary AKCEZ Enerji Yatırımları Sanayi ve Ticaret A.Ş. for US\$ 140 million: of which, a 22.5% share was transferred to one of the shareholders Akkök Sanayi Yatırım ve Geliştirme A.Ş. and the remaining 22.5% to ÇEZ a.s. All share transfer transactions were completed as of April 26, 2013.

** The liquidation process started on May 30, 2013 and will be finalized in 2014.

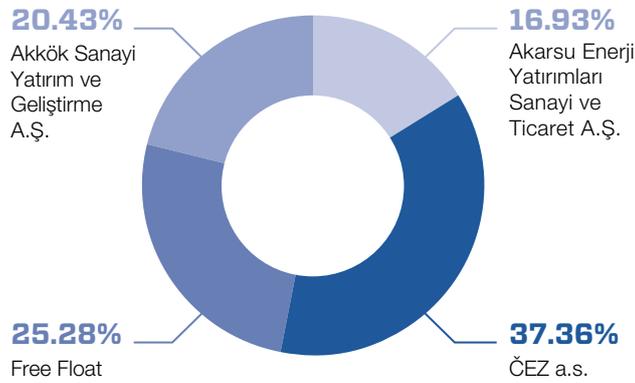
*** The Company was liquidated as of December 25, 2013.

**** In early 2013, SEDAŞ completed its unbundling project initiated in 2012, with the establishment of SEPAŞ and partial demerger process. Currently SEPAŞ holds a retail license and SEDAŞ holds a distribution license and both companies operate under the umbrella of the AKCEZ, joint venture of Akkök Group of Companies and ÇEZ Group.

Shareholder Structure of Akenerji

Shares of main investors in Akenerji, namely Akkök Group of Companies and ČEZ A.S., are given in the chart below.

Trade Name of the Partner	Share in Capital (TL)	Share in Capital (%)
Akkök Sanayi Yatırım ve Geliştirme A.Ş.	148,989,090.40	20.43
Akarsu Enerji Yatırımları Sanayi ve Ticaret A.Ş.	123,436,852.35	16.93
ČEZ a.s.	272,425,942.74	37.36
Free Float	184,312,114.51	25.28
Paid-in Capital	729,164,000.00	



Akkök Group of Companies

Founded in 1952 by the late Mr. Raif Dinçök, Akkök Group of Companies currently operates in the chemical, energy and real estate sectors with 17 commerce and industrial companies, including one located overseas.

The Group's success is based upon its differentiating innovative perspective, reliable know-how and financial strength. Transparency and accountability are the basic principles that Akkök Group abides by in its relations with all stakeholders, particularly employees, customers, suppliers and shareholders. In this context, Akkök Group of Companies signed the United Nations Global Compact in 2007.

ČEZ a.s.

As a dynamic and integrated energy company in the Czech Republic, ČEZ a.s. operates mainly in energy and heat generation, distribution and sales, as well as coal mining, natural gas sales and carbon trading. 70 % of the shares of ČEZ a.s. are owned by the Czech Republic, which makes the state the major shareholder of ČEZ a.s.

As of 2013, ČEZ a.s. has affiliate electricity generation, distribution and sale companies that operate in Poland, Bulgaria, Romania, the Netherlands, Hungary, and Slovakia as well as in the Czech Republic.

Strong ethical standards that shape the activities of ČEZ a.s. include acting responsibly towards the society and the environment. In line with its policy of sustainable growth, ČEZ a.s. systematically reduces the burden of its activities on the environment, also placing special emphasis on education and health. ČEZ a.s. is a major supporter of a number of non-profit organizations and various public benefit projects.

Our Approach to Sustainability

Within the framework of our corporate values, namely reliability, integrity, accountability, transparency, customer satisfaction, and social responsibility, we operate in full awareness of our financial liabilities as well as our environmental, social and economic responsibilities.



Our Approach to Sustainability

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

Our Policies and Principles

Among our corporate policies and principles devised on the basis of international standards and approaches including ISO, OHSAS and IIP are:

Quality Policy: We work to provide our customers with reliable, economical and environment-friendly energy while meeting the increasing demand with our quality-focused approach.

Environmental Policy: To create a future as bright as today, we always aim to operate with an environmentally sensitive approach.

Occupational Health and Safety Policy: Based upon our "Human Comes First" philosophy, occupational health and safety is our primary concern in all operations.

HR Policy: Our Human Resources Policy adopts the principle of effective management of Organizational Development, Selection and Recruitment, Salary Management, Performance Management, Recognition and Rewarding, Industrial Relations, and Communication processes.

Ethical Principles: Our ethical principles include integrity, reliability and fairness, responsibility, conflict of interests, confidentiality, adherence to laws and regulations, keeping books and records.

Milestone in Sustainability

Akenerji has been paying great attention to sustainability since the day of its establishment and implementing a variety of pioneering practices. Some of the milestones in the last three years of sustainability efforts are:

2013

- At the Aegean Chamber of Industry Environmental Awards announced in December 2013, Akenerji Elektrik Üretim A.Ş. Kemalpaşa Natural Gas Power Plant was granted the second prize in 2012 Environment (Golden) Awards and the third prize in Corporate Social Responsibility (Bronze) Awards.
- In Adana, trainings were given on the operations of our 4 hydroelectric power plants and potential dangers for the communities living within the impact area of hydroelectric power plants.
- Bozüyük Natural Gas Power Plant obtained Environmental License for the waste water discharge and air emissions.
- With our new Carbon Disclosure Project (CDP) reporting, our “transparency” level increased 17 points.
- Carbon Management Project covering all of our power plants were initiated.
- The first Sustainability Report of Akenerji, covering the 2012 operational year, was prepared within the scope of Global Reporting Initiative (GRI) Sustainability Reporting Guidelines and shared with stakeholders.

2012

- Akocak, Uluabat, Burç Bendi, Bulam, and Feke II HEPPs were included in the ISO 9001:2008 Quality, ISO 14001:2004 Environment and OHSAS 18001:2007 Occupational Health and Safety Management Systems certifications.

- Bozüyük Natural Gas Power Plant was selected the “The Cleanest Industrial Plant” and awarded with an “Environmental Certificate” within the scope of June 5th, World Environment Day in Bilecik.
- Akenerji became the first Turkish energy company with IIP (Investors in People) certification.
- Kemalpaşa Natural Gas Power Plant obtained Environmental License.

2011

- Akenerji became the first energy company in Turkey that received the IIP (Investing in People) Certificate of Commitment.
- Akenerji became the first energy company in Turkey to implement the EFET (European Federation of Energy Traders) agreement.
- Akenerji was awarded with the Energy Oscar, given for the first time in 2011 at the 17th International Energy and Environment Fair and Conference (ICCI). The Company won the award in the category of “Best Leading Investor of the Year” for establishing the first cogeneration plant in Turkey.
- Ayyıldız Wind Power Plant obtained ISO 9001:2008 Quality, ISO 14001:2004 Environment and OHSAS 18001:2007 Occupational Health and Safety Management Systems certifications.
- Akenerji joined the Carbon Disclosure Project (CDP) Turkey as one of the two Turkish energy companies that publish a CDP report.

Sustainability Management

The knowledge, awareness and leadership of the Company's senior management is vital for the integration of our environmental, social and ethical responsibilities into the corporate culture. The Board of Directors is the ultimate responsible body for the management of these issues. Emergencies and major accidents regarding our environmental and OHS performance are immediately delivered to the Akenerji Executive Board. Key environmental and social performance data of our power plants and project areas are also reported to the Board of Directors. In addition, annual periodical environmental and social performance monitoring reportings and annual sustainability reports prepared in line with the principles of the institutions that we are members to and that are required by agreements are also reported to the Board of Directors via the Executive Board.

In our operating power plants, the Directorates of Environment and Quality Management Systems, Technical Safety, Occupational Health and Safety, Operations Performance, and Fuel Management that operate under the function of the Office of the Operations and Maintenance Assistant General Manager are responsible for the management of environmental and social issues. Office of the Investments Assistant General Manager is responsible for the OHS and environmental performance throughout the process starting with project phase until the full operation of plants. All practices regarding the employees are managed by the Directorate of Human Resources. Corporate management issues are mainly the responsibility of our Legal Affairs Department.

OUR APPROACH TO SUSTAINABILITY

In order to manage and report sustainability issues in a more holistic manner, a Sustainability Committee was established within Akenerji in 2013. The units represented at the Sustainability Committee are listed below. These units play a key role in the management of material sustainability issues.

While evaluating risks and opportunities of material sustainability issues within this Committee, environmental, social and economic impacts of actions to be taken are assessed in an integrated way.

Units represented in Akenerji Sustainability Committee:

- Environment and Quality Management Systems
- Technical Safety, Occupational Health and Safety
- Operations Performance and Fuel Management
- Human Resources
- Energy Trading and Strategic Planning
- Corporate Communications & Marketing
- Legal Affairs
- Financial Affairs
- Domestic Procurement
- Risk Management
- Accounting



Stakeholder Engagement and Material Issues

Our stakeholders

Our stakeholders are companies and institutions as well as people and communities that influence or are influenced by the operations of our company. As mentioned in our previous Sustainability Report, we had plans to improve our processes of identifying material sustainability issues. During the 2013 reporting period we realized this plan and held a "Stakeholder Analysis and Prioritization" workshop with the participation of Sustainability Committee members in January 2014. At the workshop, we especially evaluated stakeholders that influence the success of Akenerji and are influenced by the operations of Akenerji in terms of sustainability. As a result of this evaluation, employees, customers, shareholders, creditors, and local communities were identified as stakeholders that we affect and that affect us the most.



- Stakeholders that we affect and that affect our corporate success the most
- Stakeholders that we affect and that affect our corporate success
- Stakeholders that we affect and that affect our corporate success the least

Dialogue Platforms with Stakeholders

We benefit from a variety of dialogue platforms to learn about the sustainability expectations of our Company's stakeholders including employees, customers, creditors, investors, regulatory bodies, suppliers, local communities, local authorities, society, and media as well as to give them information on these issues.

Our actively used dialogue platforms and related contents and practices are summarized in the table below. In addition to these, we inform our stakeholders through our corporate website, annual reports, and sustainability reports as well.

Stakeholders	Stakeholder Engagement Platform	Content/Practice
Employees	Quality, Environment and OHS suggestion system	It is a platform in which power plant employees share their opinions and suggestions mainly in technical issues.
	"We Are the Energy" Employee Suggestion System	We offer employees a platform to freely share their ideas. Suggestions that have the potential to contribute to the Company are selected and suggestion owners are awarded symbolically.
Customers	Customer satisfaction surveys	We hold annual surveys to evaluate expectations and satisfaction of Akenerji customers.
	Brochures	Akenerji Corporate Company Brochure
Creditors	Annual monitoring reports	We regularly present Environmental and Social Performance Monitoring Reports to creditors such as the International Finance Corporation (IFC) and Industrial Development Bank of Turkey (TSKB).
Local communities and local authorities	Face-to-face conversations	We exchange information with the local communities and authorities in cities where our power plants operate and we give information on developments.
	Informative brochures and trainings	We prepare brochures to explain potential dangers and protection ways for local communities. We also transfer this information through trainings.
	Resettlement Action Plan and Environmental Impact Assessment (EIA) reports	While preparing these reports, potential impacts on local communities and natural life are identified by various researches and interviews.
Investors	Meetings, informative messages, and investor presentations	We reply inquiries of responsible investors on the performance and practices of Akenerji.
Regulatory Bodies	Meetings	We take part in efforts to establish a Turkish Energy Exchange and to ensure that regulations for the sector are implemented in the most impartial and efficient way.
Contractors	Meetings, performance evaluation reports	We regularly monitor environmental and OHS performance of contractors working in power plant construction site.
Suppliers	Supplier evaluation	While selecting a supplier, Quality, Environment and OHS Management Systems are a part of the evaluation procedure.
Society and the Media	Press releases	We issue press releases and give interviews on our recent sustainability practices and performance.

Platforms that we use to inform our wide range of stakeholders on our approach to sustainability and related practices:



Awards

Two Environmental Awards

Aegean Region Chamber of Industry (EBSO) gives awards to encourage industrial plants and regions with successful environmental practices. As a company that aims to add value to the society, we participated in the "Corporate Social Responsibility (Bronze) Awards and Environment (Golden) Awards" organized by EBSO, with our Kemalpaşa Natural Gas Power Plant. EBSO visited the plant in October 2013 to evaluate the company in terms of these two categories. Our Kemalpaşa Natural Gas Power Plant received the second prize in "Environmental Awards" and the third prize in "Environmental Corporate Social Responsibility" in the "2012 Environmental Awards Contest".

As a result of our successful practices within the framework of our quality and environmental policy, in recent years our Çerkezköy and Bozüyük Natural Gas Power Plants were also rewarded. Our efforts to develop, adopt and implement environment-friendly technologies will continue in 2014.

Initiatives Signed and Memberships

By integrating sustainability in our corporate strategy, we reinforce our efforts to become a part of the solution by signing national and international initiatives and platforms and we take part in a variety of initiatives. Examples of such initiatives include the following:

- Within the framework of the global initiative of **Carbon Disclosure Project (CDP)**, we have been reporting our climate strategy and carbon emission performance since 2011 on a voluntary basis.
- We, as Akenerji, have been the first company to register to the **National Carbon Registry** in 2011.
- We play an active role in Environment and Energy Working Groups of the **Turkish Industry and Business Association (TÜSİAD)** and we support sectoral growth by combating climate change.
- We closely followed and participated in the preparations of the **İstanbul Stock Exchange (ISE) Sustainability Index Project** aimed to ensure that major Turkish companies compete successfully in global markets. The sustainability index will be put into practice in 2014, with participation from companies.



Memberships to Associations and Committees

Our company Works in cooperation with non-governmental organizations and related public institutions to devise policies and strategies for public policies. We also work to reinforce relations with public authorities and attend meetings.

Akenerji is a member of associations and institutions focusing on a variety of areas:

- Foreign Economic Relations Board (DEİK) – Energy Committee
- Endeavor Association
- Hydroelectric Power Plants Industry and Business Association (HESİAD)
- World Energy Council Turkish National Committee (DEK-TMK)
- Association of Electricity Distribution Services (ELDER)
- Energy Traders Association (ETD)
- Electricity Producers Association (EÜD)
- Corporate Risk Management Association
- International Investors Association (YASED)
- Windpower and Hydropower Plants Businessmen's Association (RESSİAD)
- Hydro Energy Association (HESİAD)
- Turkish Association of Human Resources Management (PERYÖN)
- Association of Turkish Electricity Industry (TESAB)
- Turkish Wind Energy Association (TÜREB)
- Sabancı University İstanbul International Center for Energy and Climate (IICEC)
- Turkish Industry and Business Association (TÜSİAD)

Integrated Management System: Quality, Environment, OHS

A major part of our sustainability efforts are implemented within the framework of our Integrated Management System. Since 2008, our power plants and the Headquarters is subject to integrated management systems, including ISO 9001 Quality Management, ISO 14001 Environmental Management and OHSAS 18001 Occupational Health and Safety Management Systems. Our Çerkezköy Power Plant was shut down as of the end of 2012 and therefore it was removed from the list of certification in 2013. As of the end of 2013, 9 Akenerji locations (Headquarters, Bozüyük, Kemalpaşa, Ayyıldız, Uluabat, Akocak, Burç, Bulam, and Feke 2 Plants) have Integrated Management Systems certifications. In 2013, Integrated Management Systems practices continued at Feke I, Himmetli and Gökkaya plants that started operations in late 2012 and measures were taken to correct incompliances. The certification audit for these three new plants will be performed in 2014.

Quality, Environment and OHS performance of Akenerji is managed by three departments within the Office of the Operations and Maintenance Assistant General Manager. Integrated Management System is within the responsibility of the Quality Project Team led by the Directorate of Environmental Quality Management. The Quality Project Team consists of Headquarters and power plant employees bearing internal audit certificates.

Integrated Management System is executed through an annual review of all processes. In accordance with the internal audit plan issued, employees bearing internal audit certificates perform this review. While the number of internal auditors was 41 in 2012, following the increase in demand due to new HEPPs, the number increased to 58 as of July 2013. Outcomes of the mentioned audits are evaluated by the Company executives and are shared with all employees.

In our power plants, a Quality, Environment and OHS Suggestion System that encourages employees to share their opinions is implemented. In 2013, 125 power plant employees made 116 suggestions through this platform which is a part of the Integrated Management System. Each suggestion is carefully reviewed and executed depending on their feasibility.

Our Goals

Evaluation of 2013 goals and the goals set for 2014 in parallel with our Quality, Environmental, Occupational Health and Safety Policies and within the framework of the Integrated Management System are presented in the table below.

Goal	Commitments for 2013	Evaluation of 2013		Commitments for 2014
Management Systems	To achieve continuation of ISO 9001, ISO 14001 and OHSAS 18001 certifications of Bozüyük, Kemalpaşa, Ayyıldız, Uluabat, Burç, Bulam, Akocak, and Feke II plants in 2013. To continue efforts to establish management systems in our Feke I, Himmetli and Gökkaya HEPPs.	T	We continued efforts to establish management systems in our Feke I, Himmetli and Gökkaya HEPPs. We achieved continuation of ISO 9001, ISO 14001 and OHSAS 18001 certifications of Bozüyük, Kemalpaşa, Ayyıldız, Uluabat, Burç, Bulam, Akocak, and Feke II plants.	To achieve continuation of ISO 9001, ISO 14001 and OHSAS 18001 certifications of Ayyıldız, Uluabat, Akocak, Burç, Bulam, and Feke II plants in 2014. To obtain certification for Feke I, Himmetli and Gökkaya HEPPs.
Availability Ratios	To maintain the following availability ratios at our power plants: 95.24% at natural gas power plants, 90.70% at hydroelectric and wind power plants.	T	Availability ratios in 2013: 99.97% at natural gas power plants, 99.75% at hydroelectric and wind power plants.	To maintain the following availability ratios at our power plants: 93.05% at natural gas power plants, 98.37% at hydroelectric and wind power plants.
Workplace Accidents	To ensure that frequency and pace of workplace accidents in each of our operating power plants are zero. Regarding the workplace accidents by contractors and subcontractors of operating power plants, to keep the frequency below 6.9 and pace below 48.2.	T	Frequency and pace of workplace accidents in each of our operating power plants were 0 (zero) for both Akenerji employees and contractor and subcontractor employees.	To ensure that frequency and pace of workplace accidents in each of our operating power plants are zero. Regarding the workplace accidents by contractors and subcontractors of operating power plants, to achieve the zero level.
Mapping Explosion Zones	To complete the works of mapping and detailed marking of explosion zones identified within the plant area in line with the BS EN 60079-10-1:2009 standard by the end of 2013. To prove that the equipment used is ex-proof in accordance with the related zones and listing such equipment.	N	After the initiation of mapping works, Kemalpaşa and Bozüyük Plants were shut down and upon the decision to avoid using the limited workforce for his goal, the project was cancelled.	

Totally Achieved: **T** Partially Achieved: **P** Not Achieved: **N** Continuing: **C**

OUR APPROACH TO SUSTAINABILITY

Goal	Commitments for 2013	Evaluation of 2013	Commitments for 2014
Quality, Environmental, OHS Trainings	Training goals: Power plant employees: 16 hours/man/year Headquarters employees: 3 hours/man/year	T Realized training goals: Power plant employees: 35.62 hours/man/year. When the Erzin NGPP to be activated is included: 31.22 hours/man/year. Headquarters employees: 7.04 hours/man/year	Quality, Environmental and OHS training goals: Power plant employees: 18 hours/man/year Headquarters employees: 4 hours/man/year To organize 3 safety tool box meetings to be held by team leaders for power plant employees during annual planned maintenance.
Actions for Environmental Dimension	In evaluating the environmental dimensions of each power plant, to take actions for at least one environmental dimension and reduce the severity level.	P Actions for environmental dimension were completed in the HEPPs in Adana Region. In other plants, actions for at least one environmental dimension was taken.	In evaluating the environmental dimensions of each power plant, to take actions for at least one environmental dimension and reduce the severity level.
Near-Miss Form	To make sure that employees at each operating power plant fill at least 1 “near-miss form” and at least 1 “quality, environmental, OHS” suggestion form.	T Employees at each operating power plant filled at least 1 “near-miss form” and at least 1 “quality, environmental, OHS” suggestion form.	
Vehicle Accident Rate	To maintain Total Vehicle Accident Rate (TVAR) below 14.5 at each operating power plant.	T Total Vehicle Accident Rate (TVAR) was 4.36.	To maintain Total Vehicle Accident Rate (TVAR) below 3.93 at each operating power plant.
Sustainability Management	To implement sustainability reporting and carbon management projects.	T We issued our 2012 Sustainability Report. Our performance grade in Carbon Disclosure Project increased. We initiated Carbon Management Project.	To increase GRI application level of our 2013 Sustainability Report from C to B. In the 2013 reporting of Carbon Disclosure Project, to increase our disclosure and performance grade compared to last year.

Totally Achieved: **T** Partially Achieved: **P** Not Achieved: **N** Continuing: **C**

Goal	Commitments for 2013	Evaluation of 2013	Commitments for 2014
Training for Awareness-raising	To distribute the brochure on potential dangers at HEPPs to local communities. During the operation terms of HEPPs, to take actions to create awareness in local communities on potential dangers and warnings.	T We distributed a total of 1,688 brochures and 392 posters at the village headman buildings, schools, and mosques in the impact area of our hydroelectric power plants in Trabzon, Bursa, Adiyaman, and Adana. In December 2013, we held trainings on working principles of HEPPs and potential dangers at primary and high schools in the town of Saimbeyli, which is in the impact area of our power plants in Adana. A total of 23 teachers and 353 students attended the trainings.	During the operation terms of our plants in Adiyaman and Trabzon regions, to hold at least one activity in each location to create awareness in local communities on potential dangers and warnings.
Risk Assessment Practices within the Framework of Health, Safety and Environment	To renew risk assessment practices at Bozüyük, Kemalpaşa, Ayıldız, Uluabat, Burç, Bulam, Akocak, and Feke II. To complete the risk assessment practices at Feke I, Himmetli and Gökkaya HEPPs.	T We renewed the risk assessment practices at Bozüyük, Kemalpaşa, Ayıldız, Uluabat, Burç, Bulam, Akocak, and Feke II in accordance with the Risk Assessment Directives. We completed the risk assessment practices at Feke I, Himmetli and Gökkaya HEPPs.	To identify danger risk categories of electrical equipment (arc flash rating) at each operating power plant. To improve methods to evaluate the supplier assessment system in terms of environmental and OHS criteria.

Totally Achieved: **T** Partially Achieved: **P** Not Achieved: **N** Continuing: **C**

Corporate Governance & Risk Management

Our approach to corporate governance is shaped by our target of continuously generating value for our customers, employees and shareholders.



Corporate Management

Our Approach

Akenerji is fully aware that in a time when competition and change is accelerated, the quality of corporate governance practices and financial performance are of equal importance, because corporate governance of a high standard improves the competitive capacity of corporations by enabling low cost of capital, additional funding opportunities and higher liquidity. Therefore, we, as Akenerji, pay utmost attention to implement the principles stipulated by the Capital Markets Board (CMB) in its Corporate Governance Principles.

Shareholder and Investor Relations

Relations of Akenerji with shareholders and investors are managed by the Shareholder Relations Department. The Department plays an active role in facilitating the exercise and protection of shareholders' rights, primarily the right to obtain and analyze information. All inquiries submitted to the Department, with the exception of information classified as confidential or a trade secret, are replied either verbally or in writing after consulting to the most senior officer related to the topic at hand.

We, as Akenerji, have established an available and transparent communication platform that encompasses all of our stakeholders and within this platform we organize periodical informative meetings, hold issue-focused meetings upon demand, and answer relevant questions via email. The demands of financial intermediaries, corporate investors and individual investors are met by email and/or meetings organized periodically -quarterly- or on an ad hoc basis, upon request. All written or verbal information requests of shareholders, potential shareholders, analysts evaluating the Company, or academics and students conducting company or sector-focused research are replied as soon as possible, using the means mentioned above, with the exception of any information not disclosed to the public or else classified as confidential and trade secrets.

Details of the information that are covered in this Report and that are within the scope of the Investor Relations as well as contact information regarding the Shareholder Relations Department can be obtained from our website:

<http://www.akenerji.com.tr/ENG/KurumsalYonetim>

Public Disclosure Policy

Akenerji's disclosure policy contains information on issues including the data to be shared with the public in addition to those identified by regulations; the method, frequency and means of disclosure; the meeting frequency of the Board of Directors or executives with the press; the frequency of public disclosure meetings; methods to be used in replying questions posed to the Company, etc.

Akenerji uses the following online platforms to disclose information to the public in a timely, complete, clear, interpretable, and cost-efficiently available manner that helps related people and institutions to make decisions:

Public Disclosure Platform:

<http://www.kap.gov.tr/en/home.aspx>

Company website:

<http://www.akenerji.com.tr/Eng>

Mee-GOVERNANCE - Corporate Governance and Investor Relations Portal of the Central Securities Depository Institution:

www.mkk.com.tr/wps/portal/MKKEN

Prospective information, assumptions and reference data of these are disclosed in a way that avoids groundless

and misleading information and exaggerated projections. In addition, assumptions are made in compliance with the Company's financial situation and operational results. If projections and references stated in disclosed information fail to or considered to fail to come true, such information is updated. Disclosure policy of Akenerji is issued in the Company website:

www.akenerji.com.tr/TR/Yatirimcilliskileri/Politikalarimiz.aspx

Akenerji Board of Directors

In Akenerji, the most senior governance body responsible for defining the strategic goals of the Company, determining the corporate governance, identifying the human and financial resources needed, auditing performance of the management, and ensuring compliance of operations with the regulations, Articles of Association, internal regulations and policies is The Board of Directors.

The Board of Directors consists of a total of 12 members, two of whom are independent members and two are executive members. As of December 31st, 2013, Akenerji Board of Directors is composed of the following members and each member has a term of duty of 3 years:

Name	Title
Mehmet Ali BERKMAN	Chairman of the Board
Tomas PLESKAC	Vice Chairman of the Board
Raif Ali DİNÇKÖK	Board Member
Ahmet Cemal DÖRDÜNCÜ	Board Member
Ahmet Ümit DANIŞMAN *	Board Member/CEO
Peter BODNAR	Board Member
Petr STULC	Board Member
Martin PACOVSKY	Board Member
Vratislav DOMALÍP *	Board Member/Deputy CEO
Hakan AKBAŞ	Independent Board Member/Head of Audit Committee/Head of Early Risk Detection Committee
Jiri SCHWARZ	Independent Board Member/Member of Audit Committee/Head of Corporate Governance Committee/Member of Early Risk Detection Committee
Hamdi Yaman AKAR	Board Member /Member of Corporate Governance Committee

* Has executive duties.

Distribution of Board Members by gender and age are given in the tables below.

Distribution of Board Members by Gender (number of members)

2011		2012		2013	
Male	Female	Male	Female	Male	Female
9	1	10	0	12	0

Distribution of Board Members by Age (number of members)

2011			2012			2013		
Under 30	30-50	50 and over	Under 30	30-50	50 and over	Under 30	30-50	50 and over
0	6	4	0	5	5	0	2	10

Our Board of Directors is composed of members with and without executive duties. The members without executive duties are elected among individuals who have no administrative duty in our Company other than the membership to the Board of Directors and are not involved in daily work flow and ordinary activities of the Company. Ten members of the Board of Directors are non-executive. Within the Board, there are two independent members who have the capacity to perform their duties without being under any influence. Term of office for independent members of the Board of Directors is up to three years and they can be nominated and elected again. Any situation which terminates independency of these members did not occur in 2013. In the General Assembly of the Company, no female member was nominated among the candidates for the membership to the Board of Directors by the Company shareholders.

In accordance with the Articles of Association of the Company, the Board of Directors convenes when the company business requires and at least four times a year in any case. The Chairman of the Board determines the agenda of the Board of Directors meetings by conferring with other Board members and the General Manager. The other members can also make suggestions for changes in the meeting agenda. The members pay attention to attending and giving opinions in all meetings by examining information and documents in respect of the subjects in the agenda and getting prepared accordingly.

Each member of the Board has right to cast one vote. In accordance with the Articles of Association, at least 1 (one) more than the half of the number of members (quorum) must be present in Board Meetings and similarly, Board decisions are taken with the supporting vote of at least 1 (one) more than the half of the number of members. Provisions of the related legislations and the Articles of Association are applied in determining the manner of holding Board meetings. The subjects included in the agenda of the Board of Directors meetings are discussed clearly in all aspects. The Chairman shows maximum effort to ensure effective participation of the non-executive members in the Board meetings. None of the members of the Board of Directors casted a vote against any decision in the meetings in 2013.

Members of the Board of Directors allocate sufficient time for Company business. In case a member is an executive or a member of the Board of Directors in another company or provides consultancy service to another company, it is a fundamental responsibility of the member to avoid any conflict

of interest and negligence of duties in the Company. Within this scope, taking office/offices other than the Company has not become subject to any rules or been limited. Resumes of the Board members are included in the General Assembly information document and submitted for the shareholders' information. In 2013, weighted voting right or negative veto right were not bestowed upon the members of the Board of Directors.

Although not included in the Articles of Association, the powers of the Chairman of the Board of Directors and of the CEO are clearly identified and separated. The CEO and Chairman of the Board of Directors are separate persons and their duties and powers are defined by the Company Organizational Chart. The CEO is also a member of the Board. The Board of Directors plays a role in maintaining effective communication between the Company and shareholders and in settling and resolving potential disputes. In pursuit of these tasks, it cooperates with the Corporate Governance Committee and Shareholder Relations Department. The Board administers and represents the Company by keeping the risk, growth and return balance of the Company at the most appropriate level with strategic decisions and by protecting the long-term interests of the Company primarily with a rational and prudent risk management approach.

All performance indicators identified within our Company are monitored and assessed. The success of the Board of Directors as the highest level managing body is assessed by monitoring the level of reaching the main business targets in line with corporate goals and the success of strategies. As the performance indicators of main business targets are the results of the basic performance indicators of all senior execution processes, including sustainability management, the most senior governance body therefore also evaluates its own performance in economic, environmental and social issues.

As members of the most senior governance body that has the authority to perform, represent and bind our Company, Board Members must be fully competent. Board Members are elected among mature professionals with full power of discernment, having competency and expertise to steer the economic, environmental and social strategies of Akenerji. In this election process the candidates' past experience and educational background is also considered. The Board is elected in line with the mandatory corporate management regulations set forth by the Capital Markets Board and Board Member perform their duties accordingly.

Committees Reporting to the Board of Directors

The Board of Directors carries out its operations in a transparent, accountable, fair and responsible manner. The distribution of roles was made by assigning a Chairman and Deputy Chairman among the members of the Board of Directors. The Board establishes internal control systems, including the risk management and information systems and processes that can minimize the impacts of risks that may affect the stakeholders, particularly the shareholders, by taking the opinions of relevant Board of Directors Committees into consideration as well. Within this scope, Audit Committee, Corporate Governance Committee and Early Risk Detection Committee that directly report to the Board are established. Early Risk Detection Committee was established on September 24th, 2013. Prior to that date, this function used to be performed by the Corporate Governance Committee. Nomination Committee and Remuneration Committee are formed within the Corporate Governance Committee.

The areas of activity, operating principles and members of the committees were determined by the Board of Directors and disclosed to the public via the Public Disclosure Platform and the Company website. All members of the Audit and Early Risk Detection Committees and Chairman of the Corporate Governance Committee are elected among the independent members of the Board. The CEO does not assume any roles in any committees.

The Audit Committee and Early Risk Detection Committee consists of two independent members of which one is Chairman and the other is member. Chairman of the Audit Committee is also the Chairman of Early Risk Detection Committee. Chairman of the Corporate Governance Committee is also member of the Audit Committee and Early Risk Detection Committee. Any kind of support and resources required for the committees to perform their duties are provided by the Board of Directors. If deemed necessary, the committees can invite any Company executives and independent specialists to their meetings and benefit from their opinions. All committee activities are recorded in writing. Committees convene in a frequency deemed necessary for effectiveness of their activities and set forth in the operating principles. They submit reports containing information on their activities and meeting outcomes to the Board of Directors.

Committee Members reporting directly to the Akenerji Board of Directors are:

Corporate Governance Committee

Name	Title
Jiri SCHWARZ	Chairman
Hamdi Yaman AKAR	Member

Audit Committee

Name	Title
Hakan AKBAŞ	Chairman
Jiri SCHWARZ	Member

Early Risk Detection Committee

Name	Title
Hakan AKBAŞ	Chairman
Jiri SCHWARZ	Member

Corporate Governance Committee

The Corporate Governance Committee is established to monitor compliance of the Company with the Corporate Governance Principles, to carry out related improvements and to submit suggestions to the Board of Directors. The Committee has two members, both of whom are non-executive members of the Board of Directors. Akenerji Corporate Governance Committee performs duties and responsibilities of the Nomination Committee and Remuneration Committee as well as its duties stated in the regulations.

Akenerji authorized the Corporate Governance Committee to perform the duties of the Remuneration Committee as stipulated by the regulations. Within the scope of these regulations, remuneration of independent members of the Board of Directors, stock options or payment plans based on the Company's performance are not used. Wages of the independent Board members are set during the General Assembly by making sure that they are at a decent level that ensure the members' independence.

The Board of Directors is responsible from ensuring that the Company achieves its operational and financial performance objectives as identified and disclosed to the public. Remuneration principles for Board members and senior executives are recorded in writing and submitted to shareholders as an individual article at the General Assembly, thus giving shareholders the opportunity to express their opinions. The remuneration policy prepared for this purpose is issued in our website. Wages and all other benefits given to members of the Board of Directors and senior executives are disclosed to the public entirely through the annual report and footnotes in financial statements. Akenerji does not extend loans or credits to any Board members or senior executives and does not give assurances such as pledges in favor of them.

Audit Committee

The current internal control system -particularly in terms of improving effectiveness and efficiency of Akenerji operations, ensuring reliability in financial reporting and compliance with laws and regulations- is audited by the Audit Group within Akkök Sanayi ve Yatırım Geliştirme A.Ş. within the framework of the annual internal audit plan and the results are reported to the Audit Committee. In the aforementioned annual internal audit plan, primary risks within the framework of corporate risk management are prioritized. The effectiveness of the internal audit activities are reviewed by the Audit Committee at four meetings held in a year. At these meetings, when required, the opinions of the internal auditor, independent auditor or other Company executives are taken.

The Board of Directors reviews the effectiveness of risk management and internal control systems at least once a year. Information regarding the existence, functioning and effectiveness of internal controls and internal audit is presented in the annual report.

The Board of Directors made a decision on obtaining ISO 9001:2008 Quality Management System, ISO 14001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health and Safety (OHS) Management System certifications in all Akenerji power plants and thus a Quality Project Team was established within the Company. The Team cooperates with all departments in order to make the necessary preparations and to establish audit and reporting standards required to receive the relevant certifications. By means of this study, which plays an important role in internal communication, suggestions of employees are evaluated by the Team and submitted to the management for approval. Within the scope of Quality, Environmental and OHS Management Systems, internal audits are performed by our own certified personnel for all of our processes at least once a year.

Shareholder Involvement in Company Management

Akenerji shareholders benefit from the opportunity to make suggestions and give instructions to the highest governance body of Akenerji in the most extensive way at General Assemblies. In order to ensure that this opportunity is provided for all shareholders, "General Assembly Briefing Documents" drawn up to include aspects stated in Article 1.3.2 of the Communiqué regarding Determination and Implementation of CMB Corporate Governance Principles are issued prior to General Assembly meetings.

Our shareholders have the opportunity to inform the Shareholder Relations Department in writing, on issues requested to be handled at General Assembly meetings. For material issues of the agenda, related members of the Board of Directors, other related people, executives responsible for the preparation of financial statements and auditors are present at General Assembly meetings with the aim of informing shareholders and answering related inquiries.

All shareholders have the right to obtain and review any kind of information that is not classified as a trade secret, within the framework of the regulations in effect. All shareholders, including minority and foreign shareholders, are treated equally. The right to obtain and review information has neither been removed nor restricted by the Articles of Association or by a decision of any corporate body.

In addition to General Assembly meetings, our website is designed and updated in compliance with the Article 2.2.2 of the Communiqué regarding Determination and Implementation of CMB Corporate Governance Principles. Stakeholders can contact related officials through the Company email address: info@akenerji.com.tr All basic information in our Turkish website is also presented in English to enable foreign investors.

Employee Involvement in Company Management

At Akenerji, the involvement of employees in management is achieved through annual goal setting and performance evaluation meetings, suggestion systems and various meetings in the Company. With the human resources policy issued in 2011, the "open door policy" has been adopted. With this policy, each employee can easily communicate with the

General Manager and other senior executives for issues about his/her job and Akenerji.

The Employee Suggestion System Procedure announced that all employees can share their requests, expectations and suggestions with a committee composed of Senior Executives. In this way, employees have the opportunity to inform senior executives on suggestions for a variety of issues by following the methods stated in the procedure.

Akenerji Human Resources Department organizes informative meetings at the headquarters and power plant construction and operation sites. At these meetings, policies and procedures directly related to employees (such as employee relations and fundamental human resources processes) are explained, requests and suggestions of employees are collected and significant issues are taken to the senior management.

Ethical Principles of Akenerji

Akenerji considers adherence to the Ethical Principles as a prerequisite in all operations and a cornerstone in the corporate culture. Our Ethical Principles are prepared in accordance with the Turkish regulations and laws and by considering the best practices in the world. All employees, including the Board, are expected to abide by Akenerji Ethical Principles while working.

Integrity, reliability and fairness:

- It is a fundamental principle to build trust-based, steady and honest attitudes and communication with all business-related people and institutions.
- Integrity and mutual trust is the basis of all internal and external relationships and processes.
- Our Company offers a healthy and safe working environment and a professional development foundation based upon equal opportunity to all employees.
- Our Company does not make discrimination, it adopts an equal and fair approach.
- Our employees do not behave in a distressing or harassing manner towards other employees or third parties.

Responsibility

- Our Company pays attention to fulfill its responsibilities towards customers, employees, suppliers and business partners, competitors, environment, and society.
- Our employees clearly distinguishes beliefs, world views and political opinions from their working environments, duties and responsibilities.
- Our employees are responsible for reinforcing and protecting the name and reputation of our Company and using the resources efficiently. They avoid any images, behaviors or actions that may harm this responsibility and put the Company in a difficult situation.
- Our employees act in full awareness and responsibility of producing more than consumed and save resources while performing their duties.

- We pay attention to share the value we create through our operations with our country and society. All donations and sponsored social responsibility projects are publicly announced.

Conflict of interests

- Our employees avoid conflict of interest and perform their duties in line with the accountability and transparency principles. Conditions in which individual interest may conflict with the interests of Company or related people and institutions are monitored and prevented.
- Our Employees do not have any personal debt-credit relationships with parties directly or indirectly related to their duties. They do not accept any benefits offered or use our Company's reputation for personal benefits.
- While performing their duties, our employees hold the Company's interests above everything else and avoid actions or behaviors that may mean capitalizing on the Company's resources or reputation for benefits to oneself or kinsmen.
- Our Employees do not offer or take bribes while working with third parties. Exorbitant hospitality services, presents, etc. are neither offered nor accepted.

Confidentiality

- Confidentiality of all commercial and personal information on employees and customers is a fundamental principle.
- Our employees are aware of the confidentiality of private information on the Company, other employees and stakeholders. They must keep such information confidential. Such information can solely be used with professional purposes required by the job and duty and in full compliance with the related laws and regulations. This information can be shared only with the related authorities.
- Our employees do not reveal any secrets, confidential information, information subject to intellectual property rights or related documents (whether duty-related or not) to unauthorized people or bodies outside the Company, including their family members.
- This liability continues even after the employee's relation to our Company is terminated.

Adherence to laws and regulations

- Our Company performs within the framework of Ethical Principles, laws, codes, regulations, and legislations and in full conformity with sustainability principles. We respect the environment, natural life and public health. Our employees also perform in the light of these principles.
- Our Company and employees avoid any acts that may harm free and fair competition. We compete efficiently and only in legal and ethical grounds. We refrain from unfair competition, but support and promote initiatives that serve a fair competition-based business structures.

Keeping books and records

- Keeping Company books and records fully and completely is a fundamental principle.
- All reports presentations, financial statements, and footnotes to be publicly disclosed and presented to authorities are prepared and kept timely, completely, clearly and transparently in line with the laws, legislations, Company regulations and Ethical Principles.

Our Ethical Principles procedure also covers anti-corruption measures and is shared with all employees through our document management system. In addition, the Personnel Regulations that are distributed to all employees against signature give information on the rules to be adhered to in workplace and sanctions applied in non-conformity. Compliance with all Company procedures and regulations including the Ethical Principles is an integral rule in our Personnel Regulations. There are future plans to include the Ethical Principles procedure into the HR orientation program.

Risk Management

Risk Management Department was established in 2012 with aim of identifying and assessing the risks and opportunities which can affect the Company's objectives and to settle and monitor action plans, and to establish required framework to manage them regarding the policy determined by Board of Directorate and in compliance with the shareholders' risk appetite. Enterprise Risk Management (ERM) project initiated in 2012 and completed in 2013 has provided the formation of risk register in the Company, the description of roles and responsibilities in ERM process and risk appetite statement of Akenerji was approved. Akenerji risk appetite statement declares that there is no tolerance level in the areas; compliance, corporate governance, reputation, health, safety, security, environment (HSSE) and financial reporting and all activities in Akenerji were executed regarding this appetite.

Akenerji executes Enterprise Risk Management process regarding "The Committee of Sponsoring Organizations of the Treadway Commission (COSO)" and ISO 31000 standards. The Company risk inventory is prepared annually in full coordination with business units - covering all power plants and business units - and includes strategic, financial, operational, legal, reputation, process, health, safety, and environmental risks. Key risks are reported to the Board of Directors through Early Determination of Risk Committee bimonthly.

In addition to periodic reporting, Risk Management supports all business units and power plants to add value to Company and enable sustainable operations by executing ad-hoc studies and risk assessments regarding key risk indicators. Internal audit activities are executed by Internal Audit Department in Akkök Sanayi ve Yatırım Geliştirme A.Ş., a major shareholder of Akenerji with the aim of supporting corporate governance.

Product and Service Responsibility

We operate responsibly considering all our stakeholders -from the society to customers, suppliers and employees- and we pay attention to minimizing social and environmental effects of our operations.



Our Approach

Considering our product and service responsibility from the perspective of sustainability, these issues come forth:

- In projects that are in investment phase, we adopt responsible manners in terms of quality, environment, and occupational health and safety. We act in full compliance with related national laws and regulations as well as with standards set by local authorities.
- While improving our energy trade capacity, we also improve efficiency in our production operations and contribute to the development of the sector.
- In order to contribute to combating climate change, we focus on energy generation from renewable and efficient sources that produce zero or low greenhouse gas emissions on the basis of the electricity generated.
- We implement extensive projects to maintain service satisfaction of our customers.

- We take necessary actions to ensure that our suppliers also establish and maintain relationships in compliance with laws and effective contracts and pursue international and sectoral standards while procuring goods and services. We expect our suppliers to adopt our responsible vision on quality, OHS and environmental issues.

Based upon the fact that Turkey needs to both ensure supply safety in meeting the increasing energy demand and increase the use of alternative energy sources to reduce current deficit, we continue the pace of our investments in alternative and clean energy technologies.

Our Quality Policy

We work to provide our customers with reliable, economical and environment-friendly energy while meeting the increasing demand with our quality-focused approach.

In accordance with our quality policy, we, as Akenerji, are committed to:

- Becoming the leading company in the competitive market by diversifying fuel resources in line with changing global and domestic conditions,
- Improving our efficiency by integrating state-of-the-art technologies into our processes in line with sectoral developments,
- Generating and supplying energy in compliance with applicable laws by closely monitoring the changing conditions of the energy sector and our country,
- In full awareness that each employee is our greatest “source of energy”, supporting them in becoming team members who are able to improve and refresh themselves in multiple aspects and creating a quality workforce that will attract top talents and set an example for the sector,
- Operating and continuously improving our business processes in line with our corporate goals,
- Offering all of our stakeholders the privilege to work with a transparent and reliable company.

As a general rule, we monitor environmental and social impacts of our power plants in investment phase in line with the IFC Performance Criteria and Equator Principles. In parallel to this approach we evaluate performance indicators within the context of Environmental and Social Impact Evaluation, Workforce and Working Conditions, Preventing and Mitigating Environmental Pollution, Public Health and Safety, Land Acquisition and Resettlement, Biodiversity, and Cultural Heritage. At Erzin NGPP, environmental monitoring practices will be maintained throughout the operation period with the same meticulous care as in the construction phase. The plant will generate electricity using natural gas combined cycle method and therefore NOx emissions will be minimized. In addition, the level of flue gas emissions will meet the values given in the European Union Environmental Legislation. Thanks to the high-tech control and monitoring systems to be established, a team of experts will constantly check these values. Also an online measurement and monitoring system will be built in the main square of Erzin, in coordination with Provincial Directorate of Environment and Forestry in Hatay. This system will continuously monitor the air quality in the region and thus precautions will be taken timely if necessary.

When Erzin NGPP becomes operational, efforts will be made for compliance with all environmental criteria required by legislations, mainly in terms of waste water treatment, waste water discharge, recycling and disposal of waste materials, prevention of noise pollution and protection of groundwater resources. In addition, seawater will be used in the cooling process, therefore groundwater resources will not be utilized for any purpose.

Investment in Construction Phase: Erzin Natural Gas Combined Cycle Power Plant

Being implemented by our subsidiary Egemer Elektrik Üretim A.Ş., Erzin Natural Gas Combined Cycle Power Plant (Erzin NGPP) is one of the most important projects of the Akkök-ÇEZ strategic partnership. With the ongoing construction in the town of Erzin in Hatay, the plant is expected to become operational in 2014. With its 900 MW capacity, Erzin NGPP will more than double the total installed capacity of Akenerji.

Construction of Erzin NGPP, the largest investment made in a lump by our Company, started in 2011 and as of 2013, 90% of the construction works are completed and tests are initiated.

In order to identify the project site and impact area of Erzin NGPP, pre-construction monitoring was performed by an expert service provider as of March 2011. While studying ground and surface water, soil quality, flora and fauna, we also monitored the population of sea turtles and other species considered to be of importance for the region. In addition to these pre-construction studies, noise, air and water qualities were measured and monitored to observe impacts of construction activities on the environment. As an extension of these studies, evaluation reports, operating and monitoring plans were prepared to guide us throughout the construction and operation period.



In investment phase, Erzin NGPP also contributes greatly to the employment of local people. During the construction works, we visited Erzin Public Education Center to receive information on the labor force potential of the region and in the first year of construction approximately 230 of the 470 employees were selected amongst the local people. Providing employment to 1,000 people throughout the construction period, our power plants will need 60 employees when it becomes operational. In order to contribute to the local economy, required materials are purchased from the region when possible. In addition, Akenerji sponsored some public areas and other needs for social welfare.

Updated information on Erzin NGPP is being provided on our Company website since 2010. In order to ensure continuous information flow, effective coordination between parties, and rapid answers to questions, Egemer Elektrik Üretim A.Ş. assigned a Communication Contact Officer in the area.

Investment in Project Phase: Kemah Dam and Hydroelectric Power Plant

Kemah Dam and HEPP project is an indicator of the importance that Akenerji attaches to renewable energy generation. Following the completion of feasibility works for the power plant to be established in the town of Kemah, in Erzincan, design studies and obtaining pre-construction permits continued in 2013.

Our application to increase the project's installed capacity from 160 MW to 198 MW by using two separate energy generation plants was approved by Energy Market Regulatory Authority (EMRA). In line with this approval, we submitted a new Environmental Impact Assessment (EIA) Report to the Ministry of Environment and Urbanization in 2012 regarding the amendment of installed capacity increase in the energy generation license. In February 2013, the final draft report was duly approved by the Ministry and in July 2013 the final report was delivered to the Ministry to obtain EIA positive certificate. "EIA Positive" certification is expected to be granted in the first quarter of 2014.

Before initiating the acquisition process for the lands within the scope of our Kemah Dam and Hydroelectric Power Plant project, we are planning to launch efforts to make a Resettlement Action Plan to reduce the social impact of the projects as well as to ensure social sustainability, create awareness in local communities and achieve their contribution to the project investments in line with their expectations.

Kemah HEPP project is of particular importance as the largest hydroelectric power plant project in Akenerji's portfolio. Scheduled to be operational in 2017, the project is expected to generate 564 GWh of electricity per year.

Energy Trade

In 2013, we reinforced our leading position in the market by increasing our energy trade (foreign-sourced energy purchased and sold) approximately seven times compared to 2012 and we focused especially on improving our marketing operations. By continuing to purchase and sell sources of other energy generation companies in addition to generating and selling our own energy, we increased our trade volume significantly.

We attach special importance to the sale of renewable energy generated at wind and hydroelectric power plants and thus we reflect our environmental sensitivity in the third party supply contracts. In 2013, we achieved added value by selling approximately 900 million kWh energy apart from our own energy generation portfolio. About half of this energy was obtained from renewable sources and 30 million kWh were imported via Bulgaria and Greece. During the year we signed wholesale energy trade contracts with 40 companies and performed 110 transactions. We aim to continue our high performance in wholesale energy trade and to observe further trade opportunities and build commercial relationships with not only Bulgaria and Greece, but also Georgia and Iran.

Major operations performed in 2013 within the framework of our efficient trade strategy:

- We aimed to enable Akenerji Group to sell each unit of energy generated at our power plants in the most efficient way.
- Similar to 2012, our power plants operated actively in line with the prices realized in the Day-Ahead Market and Energy Balancing Market. In addition, with the help of Primary Frequency transfer agreements signed with other production companies, we ensured minimum negative impact of this liability, while also helping other companies in the sector to improve their efficiency. We also continued to serve within the Secondary Frequency Control framework, which contributes to improving the quality of the Turkish electricity grid frequency.
- After the concept of "Contract for Differences" (CFD) already being used in Europe was adapted to Turkey and signed for the first time between Akenerji and SEPAŞ on May 18th, 2012, number of such contracts increased in 2013. We, as Akenerji, pioneered the sector by promoting the contracts that are important in terms of both reducing costs and implementing financial risk management. We signed such contracts with five companies and we also performed our first capacity option sale in 2013.

- Within the scope of our efforts to reduce costs related to energy imbalance, we established a “Balance-Responsible Group” together with our subsidiary production and wholesale companies. The Group aims to generate more advantages and help other companies to benefit from this synergy. In 2014, we will continue to work in order to help the Balance-Responsible Group to become more active and increase its volume.
- As a founding member of the Energy Traders Association, we retained and reinforced our key position among the organizations that shape the Turkish energy market in 2013. Throughout the year, maintaining close ties with private sector representatives, public sector participants and regulatory authorities, we continued our activities towards the establishment of the Turkish Energy Exchange and the best and most effective applications of the regulations in the sector.

Climate Change

Continuing efforts to become Turkey’s largest energy trade platform, we are also in full awareness of the role that energy companies assume in combating climate change. Developed on the basis of this awareness, our environment and climate strategy focuses on:

- Using modern and environment-friendly Technologies in electricity generation
- Investing in renewable energy sources
- Supplying carbon-neutral electricity to customers aiming to reduce or neutralize their emissions
- Creating awareness in our customers and the public on energy efficiency

Carbon Disclosure Project (CDP) Reporting

In order to publicly disclose our climate change strategy and carbon performance data calculated accordingly, we participated in the Carbon Disclosure Project (CDP) managed by Sabancı University Corporate Management Forum. As a global voluntary initiative, the CDP is created to ensure that information required to help corporations, investors and governments to take measures against the threat of climate change is gathered and shared. Companies voluntarily participating in the Project in Turkey disclose their carbon emission strategies and figures to create the basis of a country report. Data gathered from annual country reports are then used to devise strategies to combat climate change globally. We, as Akenerji, have been voluntarily participating in CDP since 2011 and reporting our climate strategy and carbon emission performance.

Modern and Environment-friendly Technologies

By employing modern and environment-friendly technologies with high efficiency and low emission rates, we achieve maximum operational efficiency. For instance, at the Erzin Natural Gas Combined Cycle Power Plant that will have the capacity to generate approximately 2.6% of the total energy demand in Turkey, we will use high-tech ignition system to achieve 58% efficiency. With this technology, relatively low greenhouse gas emissions will be achieved and natural gas consumption will be reduced.

As another step towards our efficiency goal, we activated the “Close Monitoring System” in late 2013 in order to effectively manage imbalances resulting from energy generation at our power plants. With this system, energy imbalances are monitored live and such imbalances are minimized by taking immediate actions.

Renewable Energy Generation

We started investments in renewable energy sources by participating in the first hydroelectric power plant tenders held by the Energy Market Regulatory Authority (EMRA) in 2005. With this initiative, Akenerji became one of the first private electricity companies to invest in renewable energy. Currently our total renewable installed capacity at WPPs and HEPPs is 388 MW. Thus, the share of the renewables in the total installed capacity of Akenerji increased to 60% as of 2013.

Carbon Certification and Emission Trade

Another area that we pioneered the sector is emission trade. We continue carbon certification processes in all of our renewable energy power plants. Following the registry of Ayyıldız Wind Power Plant and Bulam Hydroelectric Power Plant with the Gold Standard, Uluabat, Burç, Akocak, Feke I, and Feke II power plants are registered at Voluntary Carbon Standard (VCS). Among these plants, Uluabat HEPP is the largest hydroelectric power plant with a dam in Turkey that was registered with the Voluntary Carbon Standard (VCS). We actively sell registered emission reduction certificates of Ayyıldız, Akocak, Uluabat, and Feke II Power Plants. Certification processes for Gökkaya and Himmetli HEPPs activated in 2012 was concluded in 2013 and these plants are now registered at Voluntary Carbon Standard (VCS) and Social Carbon Standard.

Considering the total generation capacity of our renewable energy plants, we aim to prevent up to 1 million tons of greenhouse gas emissions. In other words, we target a contribution equivalent to the fresh air provided by approximately 42.2 million trees.

Carbon-Neutral Electricity

Another initiative that we realized to combat climate change is supplying carbon-neutral electricity to customers who aim to reduce or neutralize their emissions from their electricity consumption.

Considering customers that pay attention to their carbon footprints, we aim to procure carbon-neutral electricity by offering our emission reduction certificates of our own renewable energy power plants as a single package. Certification of carbon-neutral electricity that we procure will be provided by an independent confirmatory institution. Customers benefiting from this service will be able to zero their carbon footprints resulting from their electricity consumption.

Carbon neutralization means the process in which companies or consumers neutralize the effect of unpreventable carbon (greenhouse gas) emissions resulting from their operations through certified third-party projects that reduce carbon emissions

Raising Public Awareness on Energy Efficiency

With the aim of raising awareness and encouraging in general public as well as in our customers about energy efficiency, we prepared an Energy Saving Guide. The Guide asks the question, “What can we do as individuals to leave our children a better world to live in?” and describes methods of efficient energy use in a simple way.

Energy Saving Guide can be found at our website:
<http://www.akenerji.com.tr/TR/Cevre/EnerjiTasarufRehberi.aspx>

Customers

In 2013, we focused on improving the support of information technologies (IT) infrastructure on customer services as well as on marketing and customer satisfaction. With the contribution of our well-balanced production portfolio, we, as Akenerji, retained our position as a leading company in energy sales.

By making meter and customer-based analyses for the time and capacity required by energy needs of customers and thus making them the best offers, we enhanced our customer portfolio.

Customer Segmentation at Akenerji

- Independent consumers (end consumers)
- Wholesale companies (wholesale energy purchase-sale, energy import-export through bilateral agreements)
- Busbar customers (directly linked to power plants as they are located near the plants)
- Spot market

Regional Sales Project that we launched in the fourth quarter of 2012 continued in 2013 and increased the number of regions covered. Our sales teams introduce potential customers in regions to Akenerji and meet customer needs faster and with face-to-face communication. Although price seems to be the most important factor in energy supply, the supplier’s experience in the market, know-how, pre- and post-sales service quality are also of great importance. We will continue to be the preferred supplier in 2014 with our sustainable, economical, and transparent win-win contracts.

Customer Satisfaction Survey

The primary component of our efforts to ensure customer satisfaction is our survey. We hold separate customer satisfaction surveys for busbar customers and other segments. With these surveys, we measure the level of satisfaction experienced as Akenerji customers under four main topics. In addition to common topics for both surveys, the survey for busbar customers includes additional questions on the capability of Akenerji to provide uninterrupted energy, on timely notification of technical and organizational changes in power plants, and on the quality of energy.

Customers rate our performance on the scale of 5. They also share their suggestions and opinions. As a result of this feedback, average score for these four topics is calculated.

Outcomes of the customer satisfaction survey we held in 2012 and 2013 are presented in the table below.

Main Topics of Customer Satisfaction Survey (Individual consumer, wholesale, spot market segments)	2012 Scores	2013 Scores
General opinions on Akenerji	3.97	3.94
Customer’s knowledge about the market and approach to renewable energy	3.71	3.67
General opinions on sale services of Akenerji	3.89	3.78
General opinions on customer-operation services of Akenerji	3.92	3.57

Outcomes of the busbar customer satisfaction survey we held in 2013 are given below.

Main Topics of Customer Satisfaction Survey (Busbar segment)	2013 Scores
General opinions on Akenerji	3.6
Customer's knowledge about the market and approach to renewable energy	3.8
General opinions on sale services of Akenerji	4.0
General opinions on customer-operation services of Akenerji	4.0

The outcomes of 2013 surveys reveal that our customers are, in general, fond of the performance of Akenerji. The basic satisfaction score in the "Energy Supply" topic, which is the main service of our Company, indicates that our customers are highly satisfied with our services. Covering not only information and opinions on Akenerji, but also customers' knowledge about the market to help us serve better, this survey has proved that our customers have sufficient knowledge on renewable energy and markets. Outcomes of questions regarding operations, sales, and objection management services also report that our customers are, in general, fond of working with Akenerji and do not experience any significant problems.

With the annual customer satisfaction survey, we achieve a better understanding of customer needs and expectations and we include improved customer knowledge and insight into our service management.

"Smart Invoice"

According to the feedback received from customer satisfaction surveys and face-to-face interviews, we aimed to focus on sending invoices to customers as soon as possible and increasing their level of satisfaction with our services. With this aim, we initiated our new invoicing method named "Smart Invoice" in 2013. In a very short time, this practice was adopted by approximately 50% of our customers.

In addition to this, we redesigned the invoices in 2013:

- The new design made the invoices easier to read and understand.
- Invoices are now more detailed with sectoral notifications and communication information.
- Once printed, invoices are sent to customer emails.
- Cargo errors or delays have been prevented.
- Information on carbon-neutral sales is given.

We also took the following actions to improve customer satisfaction and our operational efficiency:

- We restructured the business processes of our operations teams so that sales director and operations representative may work in coordination, which in return improved customer satisfaction.
- A responsible operations officer was assigned in in each distribution company in order to solve problems without delay.

Suppliers

We take necessary action to establish and maintain legal and contract-based relationships with our suppliers as well as to achieve international and sectoral standards in the supply of goods and services.

Within the framework of our Supplier Selection and Evaluation Procedure, before starting to work with a supplier, we use a selection form to decide on the most appropriate candidate. We evaluate the information given in the forms and select our suppliers accordingly. In the forms, we request information about practices regarding Quality, OHS and Environmental management systems and related certifications (ISO 9001, ISO 14001, OHSAS 18001) as well as about compliance with Akenerji specifications and delivery deadlines, prices, and methods of payment. Final selection is made based upon the performance in meeting these criteria. We consider supplier information as trade secrets and therefore protect their confidentiality.

As Akenerji, we expect all of our suppliers to share our vision of responsible approach towards sustainability and environmental issues. We use evaluation forms to evaluate the selected and current suppliers' performance. In these forms, accordance of raw materials, products or services with the Akenerji specs, delivery time, price and method of payment, post-sales service, complaint management, competency of the supplier personnel, and ability to work in harmony with Akenerji are evaluated on a percentage value. As a result of this evaluation, we continue to work with suppliers meeting the required criteria and maintaining good performance.

Occupational Health and Safety

Based upon our corporate principle of “human comes first” that is also adopted by all our subsidiaries, occupational health and safety forms the basis of every phase of operations.



Our Approach

The major priority of Akenerji is to ensure that employees work healthfully in a pleasing and peaceful environment and that the best occupational health and safety (OHS) performance is achieved by integrating all legal requirements into the work model.

OHS operations of Akenerji are performed in full integration with the Environment and Quality Management Systems within the scope of “Integrated Management Systems”. The major operations within this framework are training and awareness-raising, risk assessment, prevention and control of occupational risks, monthly environment and OHS committee meetings of power plants, change management, and internal and external audits. The main factor in the success of our operations is the active participation of employees and leadership of executives.

OHS Policy

The basis of our approach to OHS is the value we attach to humans. Therefore, we are committed to:

- Preventing occupational accidents and health risks by creating a healthy and safe workplace in accordance with all legal obligations and other related conditions,
- Creating awareness in all stakeholders about the potential risks and taking necessary precautions for protection against such risks,
- Improving our knowledge, attitude and experience through trainings and being fully equipped to perform successfully in consideration of occupation health and safety,
- Ensuring stakeholders safety by assessing potential emergency procedures and preparing necessary action plans,
- Ensuring active participation of all employees through the loyalty and leadership of our executives,
- Improving working conditions and both physical and psychological wellbeing of our employees,
- Continuously improving our occupational health and safety performance by making risk assessments.

OHS Management

It is the responsibility of all employees under the leadership of the Company's senior executives to pursue and continuously improve occupational health and safety in all operations. Each employee has certain OHS responsibilities that are clearly stated in job definitions. In order to fulfill such responsibilities, we have implemented the OHSAS 18001 Occupational Health and Safety Management System in our headquarters and power plants. Details of OHSAS 18001 and other management system certifications are given in the "Our Approach to Sustainability" section of this Report.

In Akenerji, communication and coordination of OHS operations are performed by the Technical Safety, Occupational Health and Safety Manager who directly reports to the Operations and Maintenance Assistant General Manager as well as by the Occupational Health and Safety Senior Specialist, one Health and Safety Representative from each power plant and their assistants (if available). Operations and Maintenance Assistant General Manager is also the Management Representative of Integrated Management Systems including OHSAS 18001. In addition, there is an OHS committee in each power plant.

OHS Committees at Power Plants

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

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

With monthly meetings, the Environment and OHS Committees review: Plant's Integrated Management Systems Action Plan as well as the related corrective and preventive operations. Workplace accidents, near-miss incidents, environmental accidents and environmental complaint reports. Legal requirements in terms of environment and OHS and Monthly Control Charts of Occupational Health and Safety. Occupational health and safety field visit reports and actions defined. Monthly Waste Inventory forms.

OHS Committee at the Headquarters

As the number of employees at our Headquarters exceeded 50 in 2013, we established the Akenerji Headquarters Occupational Health and Safety Committee in accordance with Article 6 of the Directive on Occupational Health and Safety Committees. The Committee is composed of Employer Representative, Occupational Safety Expert, Workplace Doctor, Director of Administrative Affairs, and two Employer Representatives. As stated in the related regulations, the Committee works to develop a consistent and general prevention policy that covers the impact of factors related to technology, organization, working conditions, social relations, and working environment. In addition, the Committee has duties and responsibilities including assessing OHs threats, identifying precautions, informing the employer, and planning trainings.

OHSAS 18001 4.5.2 Evaluation of Compliance

As required by the Integrated Management System and continuous improvement principle, we decided to improve the method we use to meet the Article 4.5.2 "Conformity Assessment" of OHSAS 18001. We held a workshop on "Assessment of Conformity with OHS regulations and other provisions" in December 2013, with the participation of 24 employees. With this workshop, we aimed to improve the knowledge of the personnel to perform conformity assessment on OHS regulations and to take decisions on process management. Conformity assessment visits will be initiated in 2014.

OHS Trainings and Awareness Activities

In order to protect the well-being and safety of our employees and local communities living in the impact area of our power plants, we organize trainings and informative activities. In 2013, total hours of OHS trainings given to employees increased as a result of our raising the bar for trainings within the scope of our continuous improvement principle. Average OHS training days per Akenerji employee in the last three years are summarized in the table below.

Average OHS training days per employee

OHS Trainings	Employee*day/ year	Day/employee/ year
2011	320	1.19
2012	468	1.75
2013	766	2.78

Note: Monitored figures represent employees of operation fields and the headquarters (excluding employees of investment fields) and therefore they are lower than the number of employees used as a basis for trainings.

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

OCCUPATIONAL HEALTH AND SAFETY

We ensure that our employees possess the required knowledge especially in terms of OHS in power plants and operation areas such as plants and that they are capable of preventing potential risks by taking precautions. Among the main subjects of trainings given in our power plants and the headquarters are:

- Workplace Risks and Precautions
- Danger Communication and Material Safety Datasheets
- Assessment of Conformity to Occupational Health and Safety Regulations and other provisions
- Ergonomics and Handling
- Safe Labor Program (Work License, Hot Work License, Indoor Work License, License for Working at High Place)
- Internal Auditor Training
- Occupational Health and Safety General Training
- Occupational Health and Safety Regulations
- Near-Miss and Accident Reporting Instructions
- Basic Disaster Awareness
- Risk Assessment
- Emergency Response
- Safety in Explosive and Inflammable Atmosphere

Employee Trainings

The orientation training given to all new employees of Akenerji includes a detailed OHS training as well. We devise annual OHS training plans not only in a way that meets legal requirements, but also that enables us to improve our training performance within the framework of continuous improvement principle stated in OHSAS 18001 management system.

We also aim to make sure that field administrators develop competence to reflect our OHS sensitivity to the field in terms of administration. With this aim, since 2010, every year two engineers from one of our power plants attend International Occupational Safety and Health Qualification trainings given by the National Examination Board in Occupational Safety and Health (NEBOSH).

We provide a 15-minute video-training to contractors and subcontractors to work in our fields. These video-trainings are given in both English and Turkish and cover rules to be abided by in the field. In addition, we make sure that all subcontractors have attended the required OHS trainings before starting to work for us.

Trainings for Akenerji Executives

By nature, energy sector is open to crises and therefore crisis management is an important issue. Senior executives of Akenerji attach importance to continuously improving their talents in OHS-focused crisis management and communication. For instance, at the crisis communication training organized in December 2013, we focused on the

management of emergencies such as fire, earthquake, flood, natural gas leakage, and severe injuries and on communication with all related parties, which are important OHS issues also for our stakeholders. Participants were given information through acting a related scenario.

Awareness Activities for Local Communities

In all of our power plants, whether in operation or investment phase, we adopt a cautious and steady management style that is based upon mutual trust. In line with this approach, in locations where we have hydroelectricity plants, we implemented some practices to create awareness in local communities and to protect them from potential hazards of HEPPs:

- We prepared brochures and posters highlighting potential dangers of HEPPs and ways of protection and we published these materials in the Environment section of our official website in 2011.
- Throughout 2013, we distributed 392 posters and 1,688 brochures in public areas (village headmen's offices, schools, city halls, coffee houses, aviation plants, etc.) around our HEPPs in Trabzon, Adiyaman, Bursa, Adana. We plan to increase the number of print materials to be distributed as well as the number of cities in the coming years.
- In December 2013, we held trainings at primary and high schools in the town of Saimbeyli, which is in the impact area of our power plants in Adana. We informed a total of 23 teachers and 353 students on working principles of HEPPs and personal safety measures to be taken.
- In order to facilitate regular maintenance and controls as well as to improve the quality of signs put in place to warn local people living around power plants, we performed a sample project to register the locations of all signs by the riverbed on GPS. If this project is found useful, it will be repeated in other Akenerji power plants.

OHS Performance

It is a material issue for us to ensure that Akenerji employees adopt and internalize the OHS culture in order to improve our occupational health and safety performance. We periodically monitor indicators such as lost days, workplace accidents, road accidents and OHS performance during scheduled maintenance and we implement necessary precautions within our work plans to improve this performance.

Road Accidents

The nature of the operations performed especially at hydroelectric plants requires our employees to drive vehicles in rough field conditions and this creates a risk factor that needs to be monitored. At our operating HEPPs, the only road accident causing slight injury was recorded in 2011 in Adana. Detailed information on the total number of road accidents in the last three years is given in the table below.

Total Vehicle Accident Rate (TVAR) in 2011, 2012 and 2013

Power Plant	2011		2012		2013	
	Number of road accidents	Total vehicle accident rate	Number of road accidents	Total vehicle accident rate	Number of road accidents	Total vehicle accident rate
Ayyıldız	0	0.0	0	0.0	0	0.0
Çerkezköy	2	126.3	1	81.4	0	0.0
Kemalpaşa	0	0.0	2	29.4	0	0.0
Bozüyük	1	30.7	0	0.0	0	0.0
Akocak	1	14.5	1	11.7	1	12.8
Burç	0	0.0	0	0.0	1	11.0
Bulam	0	0.0	1	30.1	0	0.0
Feke II	3	44.4	3	64.9	0	0.0
Uluabat	0	0.0	0	0.0	0	0.0
Feke I	-	-	-	-	0	0.0
Himmetli	-	-	-	-	0	0.0
Gökkaya	-	-	-	-	1	42.4
TOTAL	7	15.9	8	16.1	3	4.36

Performance Data of Scheduled Maintenance

By performing scheduled maintenance in our plants, we aim to prevent damages due to malfunctions and the causes of such malfunctions. We identify potential causes of potential problems through periodical inspections and maintenance of major and critical equipment and thus prevent equipment and performance loss by taking corrective and preventive actions. Frequency of scheduled maintenance varies depending on the nature of plants. During such maintenance, number of employees in plants may increase up to 10-fold since contractors and subcontractors work simultaneously in the field.

Due to its nature which includes non-routine operations and time pressure, scheduled and extensive maintenance poses more specific dangers and higher risks. During scheduled maintenance held at Akenerji power plants in 2013, mostly Akenerji employees performed the maintenance works. A total of 17,749 hours of operations were performed, including the working hours of contractor and subcontractor employees. These maintenance processes were completed with zero-accident rate.

Lost Days and Absenteeism

Lost days and absenteeism rates due to health issues in 2012 and 2013 are given in the table below:

2012		2013	
Lost days at power plants	Absenteeism rates at power plants	Lost days at power plants	Absenteeism rates at power plants
390	1,771.97	308	1,556.90

Note: Absenteeism rate is calculated using the formula below and it includes maternity leaves.

Absenteeism rate =	Number of days of absence due to health issues	X 200,000
	Total workdays	

Occupational Accidents

Workplace incidents that occur within the requirements identified by regulations and that cause negative effects on employees are defined as “occupational accidents”. Occupational accident data of the last 3 years, covering power plant employees as well as contractor and subcontractor employees are given below:

We record frequency and weighted rates of all occupational accidents. During the reporting period no accidents involving death or long-term loss have occurred at our power plants and the headquarters. Frequency and weighted rates of occupational accidents were ZERO in 2013, thanks to the full engagement of all employees, leadership of our executives, efforts based upon the principle of continuous improvement, and systematic management of OHS processes.

Frequency and weighted rates of occupational accidents

Employees of Akenerji Subsidiaries	2011	2012	2013
Frequency of occupational accidents	6.2	0.0	0.0
Weighted rates of occupational accidents	55.8	0.0	0.0
Employees of Akenerji Contractors and Subcontractors			
Frequency of occupational accidents	0.0	7.7	0.0
Weighted rates of occupational accidents	0.0	53.7	0.0

Note: The figures given above cover power plants being actively operated by Akenerji.

The following formulae have been used in calculating rates:

$$\text{Frequency of occupational accidents} = \frac{\text{Number of accidents with loss of days}}{\text{Total working hours}} \times 1,000,000$$

$$\text{Weighted rate of occupational accidents} = \frac{\text{Number of accidents with loss of days}}{\text{Total working hours}} \times 1,000,000$$

OHS Audits

In order to fulfill the liability to perform audits, Directorate of Technical Safety and OHS at Akenerji pay announced and unannounced visits to fields. We monitor findings based upon the field visit reports prepared during the visits, identify corrective and preventive actions, and ensure that such actions are included in the general work plan. Field visits are performed at operating power plants as well as those still in construction. In 2013, our OHS Department performed 63 field visits; 101 OHS issues to be improved were identified and related corrective and preventive actions were included in work plans. In addition to internal audits, related public authorities (e.g. Workplace Inspection Committee of the Ministry of Labor and Social Security) also pay announced and unannounced visits to power plants. At the independent audits made in our power plants in 2013, no cases of unconformity requiring penalty were identified.

Risk Assessments for Health, Safety and Environment

In order to meet the requirements stated in OHS Risk Assessment Directive dated December 29th, 2012, we prepared risk assessments for power plants activated in 2012

and we made revisions in plants already in operation. Risk assessment is made by following these basic steps: identifying dangers, identifying potential victims, analyzing risks, determining additional control precautions to minimize the risk, documenting, updating and, when necessary, renewing the assessment. To make this assessment, we established Power Plant Risk Assessment Teams and while assessing the risks, we included employees in the process when necessary and we asked for their opinions.

Depending on the organizational structure and current staff of the related plant, Power Plant Risk Assessment Teams include: Plant Manager, Assistant Plant Manager, Operational Officer, Maintenance Officer, Electrical Engineer, Mechanical Engineer, Plant Supervisor, Health and Safety Representative, Environment Representative, Employee Representative, Operator Representative, Maintenance Technician Representative, Support Staff Representative, Workplace Doctor, OHS Expert, Technical Safety Expert, and OHS Manager.

On the other hand, Administrative Headquarters Risk Assessment Teams include: Director of Personnel and Administrative Affairs (if available), Technical Safety, Occupational Health and Safety Manager, OHS Expert, Workplace Doctor, Environmental Expert (if available), Employee Representatives, Support Staff, and other employees as required.

Process Safety

We, as Akenerji, ensure process safety at our power plants via risk assessments, compliance with industrial standards, design and engineering, license systems for operations, corrective and preventive maintenance, and change management. Our concept of process safety adopts the “from-cradle-to-grave principle”, starting from the design stage and aims to expand the culture of safety throughout the company.

Emergency Management

Every power plant has the Akenerji Emergency Plan that is prepared considering emergencies such as fire, natural gas leakage, earthquake, large-scale chemical leakage, bomb warning, leakage in water systems. Periodical drills are made. The Akhan building in İstanbul, where the Headquarters is located, is also included in the Emergency Plan. We distribute tasks and responsibilities at every floor of the building and make the necessary implementations in coordination with the Akhan building management. In 2013, we restructured our emergency management system and employees selected to take part in the Emergency Team were given 3-5 days of fire extinguishing search and rescue, evacuation, and first aid trainings. In addition, 105 Akenerji employees received 2-hour Basic Disaster Awareness training from Disaster and Emergency Management Presidency (AFAD).

Employees

We are fully aware that each employee is our biggest “energy source”. The most important aspect of Akenerji that makes a sector leader is its modern human resources practices and value attached to employee satisfaction.



Human Resources Policy

With our human resources practices, we aim to support employees in becoming team members who improve and renew themselves in diverse ways as well as to become an exemplary company in the sector with our high-quality workforce and a company desired to be worked for.

Fundamental aspects of our HR policy are as follows:

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

The basis of Akenerji human resources policy is providing appropriate and fair support for employees' needs and offering equal opportunities for training and development in order to increase their performance. Our goal is to implement human resources practices using internationally accepted models and integrates systems and to build systems that allow generation of modern and integrated business outcomes in all processes – from recruitment to performance management system, development, remuneration, and resignation.

Thanks to the processes we created during the Investors In People (IIP) certification we obtained in 2012, we achieved improvement in areas such as building a human and development oriented management culture, developing a performance management culture, increasing awareness on competencies, prioritizing personal development planning, launching the Employee Suggestion System, aligning corporate goals with training and development activities, and creating awareness in learning and development costs.

Given that one of the standards for IIP certification is equal opportunities, our human resources policy that is based upon this opportunity and that respects human rights has once again proved its validity during the certification process. Akenerji does not make any religious, language, racial, gender discrimination in any processes, including the selection and recruitment process, and does not adopt discrimination based upon any criteria rejected by international principles. All processes are performed in an equal and fair approach to all employees. Not only the laws, but also our human resources policy ban forced labor and child labor.

In addition, without considering differences such as female-male, blue-white collar, we provide equal opportunity to all of our employees and announce this through our human resources policy. All employees have equal opportunity in human resources processes, including demanding trainings, applying for vacancies within the company, participating in promotion processes, attending social organizations, making individual suggestions and development plans. In our recruitment advertisements and job interviews we do not make gender discrimination, implement age limits or discriminate singles or married people.

Goals and Commitments

Subject of Commitment	Commitments Made	2013 Evaluation		Future Commitments
Talent Management	To transfer the Talent Management process to the electronic environment in 2013.	T	Talent Management process is executed on the electronic platform.	To make development plans for participants, perform improvements and monitoring based upon these plans.
Development Planning	To make 360-degree evaluation surveys for permanent white-collar employees in 2013.	T	All permanent white-collar employees were given 360-degree evaluation surveys and competence assessment was performed.	To hold feedback interviews with employees regarding the 360-degree evaluation surveys, to identify areas of development, and to define development plans in 2014.
Performance Management System	To transfer the Performance Management System to the electronic environment in 2013.	T	Performance Management System process was executed on the electronic platform. Evaluation of 2013 goals was made via this system.	To make 2014 performance plans, interim evaluations, and final evaluations on this electronic platform; to include blue-collar employees in the system in 2015.
Flexible Payment System	To establish and implement a criteria-based bonus system for mid-level and blue-collar employees in 2014.	C	Preparations and alternative models for establishing a criteria-based bonus system for mid-level and blue-collar employees were made. Bonus systems are planned to become activated upon approval of the senior management.	To establish and implement a criteria-based bonus system for mid-level and blue-collar employees in 2014.
Trainings	To transfer the training process to the electronic environment and to ensure that e-learning is provided within the Company in 2014.	C	Process design was made to transfer the training process to the electronic environment in 2013 and the related software was adapted to the design.	To transfer the training process to the electronic environment and to ensure that e-learning is provided within the Company in 2014. To activate the Talent Management Process Training Module.
Employee Satisfaction Survey	To hold the first employee satisfaction survey in 2014.	C	-	To hold the first employee satisfaction survey in 2014.
Investors In People	To work for earning the Bronze Certificate in 2015.	C	This goal was revised as "to maintain the IIP certification obtained in 2012".	To work for earning the Bronze Certificate in 2015.

Totally achieved: **T** Partially achieved: **P** Not achieved: **N** Continuing: **C**

EMPLOYEES

Common Competencies of Akenerji Employees

Communication: Attaching great importance to sharing areas of interest and opinions, Akenerji employees benefit from a variety of written and/or verbal means to this aim. They ensure that information provided to individuals and/or groups is understood clearly and they monitor related developments.

Persuasion: Akenerji employees make efforts within the framework of corporate culture to have their opinions and plans adopted. Thanks to their communication skills, they exhibit appropriate manners and behaviors against different people, situations and duties.

Outcome-focus: Focusing on continuous development, Akenerji employees work determinedly to reach and transcend ambitious targets set for themselves and their teams. They regularly measure progress towards the target and devise new strategies.

Cooperation: Akenerji employees actively realize business targets through strong cooperation between areas of work, teams, departments, and units.

Planning and Organizing: Akenerji employees make action plans for themselves and their teams to conclude the work with the best quality and efficiency.

Decision-making: The first act of Akenerji employees against an incident is to identify and understand problems and opportunities. They evaluate data from different sources. Considering such data, limitations and probable outcomes, they decide on the best solution to reach the goal and take action.

Customer-focus: Adopting customer needs and expectations as the focus of all business processes, Akenerji employees pay attention to establishing and improving active communication with customers.



Employee Profile

Behind the strong and reliable image of Akenerji in the sector are the employees that sincerely adopt corporate values. The profile of our employees is defined by the requirements of the sector. In order to reveal the profile of our employees at power plants and the Headquarters, we herewith provide detailed information on the demographic structure and positions of our employees.

Most of Akenerji employees work on a fixed-contract full-time basis and we do not employ any part-time employees. Disabled employees have 3% share in the total number of personnel.

Number of Employees by Contract Type	2011	2012	2013
Indefinite-term contract	302	296	298
Definite-term contract	0	0	1
Total	302	296	299

Number of Employees by Regions	2011	2012	2013
Headquarters (İstanbul)	111	110	117
Ankara	8	7	7
Bozüyük NGPP	26	25	19
Çerkezköy NGPP *	27	21	3
Kemalpaşa NGPP	27	27	22
Ayyıldız WPP	5	5	5
Akocak HEPP	12	12	13
Bulam HEPP	8	7	7
Burç Bendi HEPP	10	10	8
Uluabat HEPP	15	14	16
Himmetli HEPP	8	7	15
Gökkaya HEPP	13	11	7
Feke I HEPP	14	12	6
Feke II HEPP	11	12	7
Erzin NGPP	7	16	47
Total	302	296	299

* Considering the current and projected market conditions, operations of Çerkezköy Natural Gas Power Plant were ceased on December 31st, 2012 as the plant was established a long time ago and had lost efficiency. Majority of employees were transferred to other Akenerji power plants.

Number of Employees by Positions	2011	2012	2013
Senior Management *	8	8	5
Mid-level Management **	44	41	47
Non-managing White-collars***	93	94	110
Operational Level ****	157	153	137
Total	302	296	299

* Senior Management: General Manager, Assistant General Manager, Director

** Mid-level Management: Group Manager, Manager, Project Manager, Legal Advisor, Supervisor

*** Non-managing White-collars: Advisor, Assistant Manager, Engineer, Chief, Project Supervisor, Senior Specialist, Specialist, Assistant Specialist

**** Operational Level: Operator, Technician, Operator, Assistant, Employee, Foreman, Laboratorian, Driver

We outsource some services including cleaning and security. Number of outsourced employees is given in the table below.

Year	2011	2012	2013
Number of outsourced employees	116	140	165

Note: The number of outsourced employees is quite high compared to permanent employees. This results from the fact that our power plants are in different locations and such services are required in all plants.

EMPLOYEES

Gender Distribution

The number of female employees increased from 55 to 61 in the last three years. The gender distribution among our employees in the mentioned period is presented in the table below.

Gender Distribution	2011				2012				2013			
	Male		Female		Male		Female		Male		Female	
Positions	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number
Senior Management	75	6	25	2	67	6	33	2	80	4	20	1
Mid-level Management	73	32	27	12	54	28	46	13	68	32	32	15
Non-managing White-collars	70	65	30	28	52	63	48	31	70	77	30	33
Operational Level	92	144	8	13	92	141	8	12	91	125	9	12
Total	81	247	19	55	80	238	20	58	80	238	20	61

Note: Board Members are not included in the above-mentioned functions.

Age Distribution

Average age of Akenerji employees is 36 as of 2013. Age distribution by positions in the last three years is presented below.

Age Distribution (%)	2011			2012			2013		
	Under 30	30-50	Over 50	Under 30	30-50	Over 50	Under 30	30-50	Over 50
Senior Management	0.0	2.3	25.0	0.0	2.7	18.2	0.0	1.8	6.2
Mid-level Management	1.8	17.4	41.7	0.0	16.0	54.5	0.0	16.6	62.5
Non-managing White-collars	71.4	23.9	8.3	73.1	25.1	9.1	66.0	30.2	18.8
Operational Level	26.8	56.4	25.0	26.9	56.2	18.2	34.0	51.4	12.5

Employee Turnover Rates

Number of employees who resigned mainly to try other business opportunities in 2013 is 29. Employee turnover rate at the Headquarters and power plants in the last three years and distribution by gender and age groups are presented in the tables below.

Employee Turnover Rate and Number by Regions (%)	2011		2012		2013	
	%	Number	%	Number	%	Number
Headquarters	15.3	17	12.7	14	12.8	15
Power plants	11.5	22	4.3	8	7.7	14
Total	12.9	39	7.2	22	9.7	29

The main reason for the increase in resignation especially in the power plants in 2013 is the fact that some employees at the Çerkezköy Power Plant preferred to resign instead of being transferred to other Akenerji plants when Çerkezköy was shut down.

Turnover Rate by Gender (%)	2011				2012				2013			
	Female		Male		Female		Male		Female		Male	
	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number
Total	2,3	7	10,6	32	1,6	5	5,7	17	2,4	7	7,3	22

Employee Turnover Rate and Number by Age Group	2011						2012						2013					
	Under 29		30 – 50		Over 51		Under 29		30 – 50		Over 51		Under 29		30 – 50		Over 51	
	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number
Total	49	19	41	16	10	4	40	9	55	12	5	1	31	9	69	20	0	0

Note: The three tables above cover only “the employees who resigned on their own will”.

Recruitment and Placement

With the aim of serving our strategy and goals, during recruitment and placement process, we focus on recruiting candidates who are eligible in terms of conformity with the corporate culture and values of Akenerji; who possess the know-how, talents, experience and competence required for the job; and who have the capacity to carry our Company further. Throughout the process, we use contemporary assessment systems to support taking the most objective decisions and thus recruiting the right person for the right job.

Number of newly-employed blue and white-collar employees in the last 3 years of operation:

Year	2011	2012	2013
White-collar Employment	33	23	30
Blue-collar Employment	15	16	14
Total	48	39	44

In 2013, average age of newly-employed blue-collar was 34, whereas that of white-collar was 31. Distributing the age average of new employees by gender, we see that the average age of male employees was 33, whereas that of female employees was 29.

Akenerji attaches importance to employing fresh-graduates and has been doing so since 2009. By employing fresh-graduates, we aim to attract talented and promising young people to our Company. Fresh-graduates applying for a job at Akenerji go through gradual processes including General Ability and Foreign Language Tests, Personality Inventory, Assessment Center Practices, and Competency-based Interviews. We recruited 7 fresh-graduates in 2010, 2 in 2011, and 9 in 2013.

We have been implementing a consistent recruitment policy for the employment of fresh-graduates in parallel with the Akkök Holding – our parent company. With the Talent Seeds process, we pursue the policy of employing young, promising, newly-graduate and inexperienced people in order to timely win, rapidly improve and retain competent leaders and employees of the future who will realize our strategies and meet the needs of our organization.

Significant operational changes to affect employees

Significant operational changes to affect employees such as changes in salary or workplace, temporary assignments, substitution, additional duties, temporary business relations are notified by the Human Resources Department in writing. This notification should be signed by the employee and his/her executives. We notify our employees of significant operational changes that might affect them by considering all legal rights and regulations stated in the Turkish Labor Code.

EMPLOYEES

Trainings

We provide training support to our employees help them attain their development plans and perform their duties in the best possible way.

Among the trainings we provided in 2013 are:

- **Technical Trainings:** Substation Operations Technical Training, Managing Today's Business, How to Use Thermal Cameras, English, Basic Principles of Crisis Communication and Media Relations.
- **Quality, Environment, Occupational Health and Safety Trainings:** Integrated Management Systems, Occupational Health and Safety Risk Assessment, Basic Disaster Awareness, Safe Drive Techniques, Basic First Aid, Flash, Explosion, Fire and Fire Protection.
- **Personal Development Trainings:** Planning and Organization, Effective Communication, Personal Impression and Persuasion.

As seen in the table below, number of trainings were high in 2013 and on the basis of all Akenerji employees, a total of 1,712 training days were held. Especially total number of trainings given to Non-managing White-collar employees more than doubled compared to 2012. The average number of training days per person was 5.7 days in 2013.

On the other hand, the Mosaic Project that aims to transform all human resources processes to a common online HR platform to ensure that these processes are implemented in a standard and systematic manner throughout Akkök Group and to build a corporate memory continued in 2013. The infrastructure of the Mosaic System has been structured as required by our training process and it became ready to be used by employees in 2014. Structured as a project to be used by only white-collar employees at the first phase, Mosaic training module is planned to be activate in 2014, after user trainings are given. In addition to Mosaic training module, another training module to be used by all employees, including blue-collars, was activated in November 2013 on Oracle system infrastructure.

In addition to these internal trainings, for employees who would like to continue their academic education, we have signed an agreement with Bahçeşehir University which gives employees the opportunity to take PhD, graduate or certificate classes with 50% discount on tuitions. Within the scope of the same agreement, students of Bahçeşehir University are given the opportunity to work as interns at Akenerji.

Total Training Days by Positions x Number of Employees Attending Trainings	2011	2012	2013
Senior Management	25	9	16
Mid-level Management	274	230	257
Non-managing White-collars	477	380	874
Operational Level	367	640	565
Total	1,143	1,259	1,712

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

Annual Average of Training Days per Employee	2011	2012	2013
Senior Management	3.1	1.1	3.2
Mid-level Management	6.2	5.6	5.4
Non-managing White-collars	5.1	4.0	7.9
Operational Level	2.3	4.1	4.1
Total average	3.8	4.4	5.7

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

Talent Management Approach

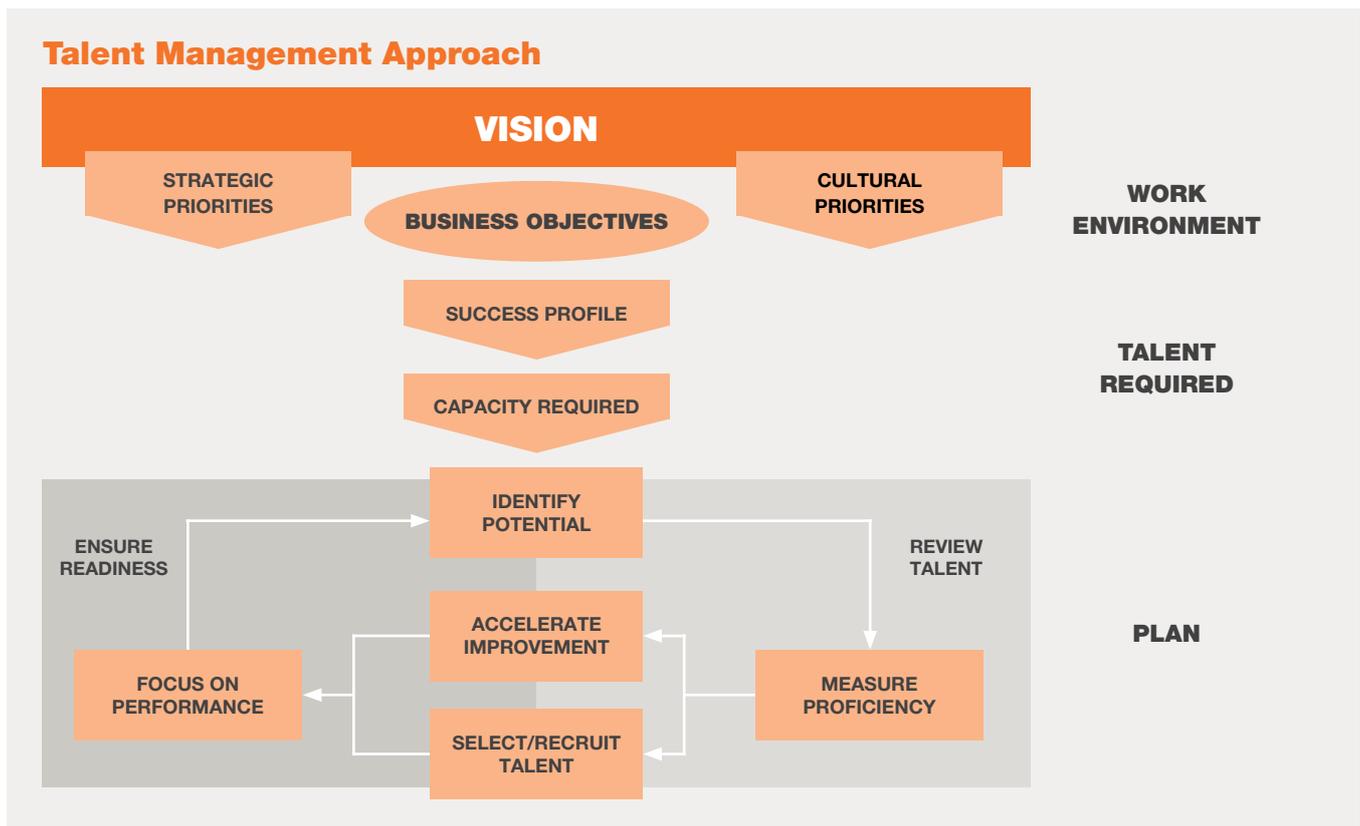
We take into consideration all training programs that our employees need for technical and personal development as well as for meeting legal requirements. By considering needs and resources of our Company, we provide training support to employees to help them perform their duties in the best way possible.

In order to achieve a standard and systematic implementation of human resources processes throughout Akkök Group and to build a corporate memory, Akkök Talent Management Process was initiated in 2010 and activated in 2011. The basis of Akkök Talent Management is identifying the existing business objectives within the framework of the Group vision, strategic and cultural priorities as well as the success profile (knowledge-talent-competence-experience) of employee and managing capacity required by the organization. Employee's potential and readiness is evaluated and then areas for

improvement are identified and developed. As a final step, the employee is recruited for the suitable position. Talent Management Process is summarized in the chart below:

The first phase of the Mosaic system was completed as of 2012 year-end with the transfer of 360-Degree Feedback, Skills and Competency Management, and Career and Succession Planning modules to an electronic environment. In 2013, migration of Performance Management, Talent Management and Training and Development Processes to the online platform was completed. As a result, our employees ensure easy, quick and efficient online access to HR applications.

Again within the scope of talent management, rotations, evaluations and development center processes are executed for in-house assignments, depending on the needs of the Company.



Performance Management System

Akenerji Performance Management System is a process that aims to ensure that individuals adopt our corporate goals and that reinforces our common corporate culture. Output of this process is used in the remuneration, training and development planning, and talent management practices of our human resources. In this way, all processes feed each other and combine within an integrated system.

The Performance Management System at Akenerji uses the "Balanced Score Card" model. Comprising Financing, Process and Operation, Customer, and Employee dimensions, this model allows employees both to focus on their own professional goals and to act in accordance with common corporate goals.

EMPLOYEES

With the transfer of Performance Management System on Mosaic electronic platform, automation of approval hierarchy, systematic approach, reporting, automatic calculation of scores were made easier and standardized. In 2013, performance evaluation of all white-collar employees was performed via Mosaic. We plan to include our blue-collar employees to the system by 2015.

Another important initiative in our Performance Management process in 2013 was the Performance Target Workshop held with the participation of blue-collar employees. The event aims to ensure more active participation in setting the targets for especially the Operations and Maintenance Group that performs our main operation, namely electricity generation, to raise awareness of power plant employees on targets, and to achieve more efficient management through targets. This workshop has a positive effect on target setting process. Power plant employees who usually attend technical trainings had a different experience. Before the workshop, business process were reviewed by making interviews and studies in the field. Headquarter employees of our Operations and Maintenance Group also attended the workshop and made suggestions and comments on their areas of expertise. After the workshop, especially field workers revised their target score cards with more personal targets and higher target awareness. This workshop also created the methodology for filling in 2014 target score cards.

Development Planning

Our aim in employee development planning is to achieve continuous learning, development, and business results. Our Development Planning process initiated in 2010 ensures that each employee evaluates his/her own competence together with the related director. As a result of such evaluations, we make action plans for the competencies that require development. When the process is completed, we implement development programs in line with our Company's goals as well as employees' know-how, talents, experiences and competence. In 2013, regarding the areas of competence to be developed, we organized trainings for employees at the Headquarters and power plants.

Evaluation surveys held within the framework of 360-degree feedback process held at the end of 2013 have been a significant opportunity and tool to measure the competencies of our employees. Competence was identified based upon the answers given by the employee, his/her supervisor, those working under him/her (if any), peers, and customers. Feedback interviews with employees to discuss results will be made in 2014.

Benefits to Employees

We use an internationally recognized and reliable Job Evaluation and Remuneration model. This is an objective, transparent, equality and fairness-based payment and benefits

model that reflects the realities of national and international business and that focuses on remuneration according to the work performed.

Within the scope of benefits to employees, we offer meals and shuttles for commuting. White-collar employees in the Headquarters and power plants are provided with private health insurance. All employees benefit from personal accident insurance. Senior and mid-level executives are provided with official cars and mobile phones.

In 2013, we worked on building bonus systems for mid-level executives and blue-collar employees. If the required approvals are obtained, both bonus systems will be activated in 2014.

Internal Activities and Communication

In order to improve the creativity, motivation and efficiency of our employees and to encourage participation in company management processes, we organize a variety of communication activities and events within the company. Some of these activities may be listed as follows:

- We create a transparent, close and continuous communication environment between managers and employees. We ensure the involvement of employees in management through the suggestion system and various meetings including annual goal setting and performance evaluation meeting.
- During the Development Planning process, we try to improve internal communication by using evaluation processes that require combined decisions of supervisors and employees in setting performance goals, reviewing and evaluating these goals.
- In line with our open door policy and transparency principle, we ensure that each employee can easily communicate with the General Manager and other senior executives for issues about his/her job and Akenerji.
- Our Human Resources Team periodically visits power plants and holds informative meetings with the departments in the Headquarters to improve internal communication. We hear requests and answer questions of employees in these meetings.
- "We are the Energy" Employee Suggestion System is a platform to encourage employees to share their suggestions and opinions. Suggestions that have the potential to contribute to the Company and other employees are selected and suggestion owners are awarded symbolically. Applicable suggestions are designed and implemented.
- We organize a variety of social activities and events to reinforce communication and improve loyalty among employees. Employee dinners, celebration of special days such as Women's Day and Mother's Day, happy hours, messages for birthdays, losses and newborn babies are examples of such activities.

Environment

Our aims are to make investments for a future of clean and sustainable energy, to minimize potential risks by considering environmental impacts of our operations, to maximize production by consuming natural resources in the most efficient way with the help of advanced technological solutions.



Our Approach

As Akenerji and its subsidiaries, our approach to environment is shaped by the concept of “always aiming to operate with an approach that is sensitive towards environmental issues for creating a future as bright as today”. Environmental practices and performance data and practices given in this section of the Report cover our eight hydroelectric, one wind and two natural gas power plants that are active as of the end of 2013 as well as our Headquarters in Akhan, İstanbul. Erzin and Kemah power plants that are still in investment and project phase as of 2013 year-end are covered in the “Product and Service Responsibility” section of the Report.

Environmental Policy

Within the scope of our environmental policy, we are committed to:

- Using energy and natural resources in the most efficient manner,
- Minimizing our emissions by choosing equipment that has the best environment-friendly technology,
- Performing an efficient carbon management to monitor our greenhouse gas emission,
- Minimizing wastes through efficient use of resources and disposing of wastes that are collected systematically in line with regulations,
- Discharging waste water in the most environment-friendly manner,
- Continuously improving processes that have impact on the environment, by always considering the prevention of pollution,
- Fulfilling our environment-related legal liabilities and responsibilities as well as other provisions and working to define new standards that meet the demands of the era,
- Ensuring that all of our stakeholders, mainly employees, are sensitive towards environmental issues and gain awareness on environment.

Environmental Management

Our goal is to manage the impacts of our operations on the environment responsibly. In order to measure and mitigate the environmental impacts of our operations, we implement ISO 14001 Environmental Management Systems that are certified by independent audits. We execute the Environmental Management in an integrated way with Occupational Health and Safety and Quality Management within the scope of "Akenerji Integrated Management Systems". Detailed information of our Integrated Management Systems is available in the "Our Approach to Sustainability" section of this Report.

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

Compliance level of our operations with legal liabilities and creditor provisions is evaluated periodically. These evaluations include:

- Internal audits and external audits performed once a year within the scope of Integrated Management System (ISO 9001, ISO 14001, OHSAS 18001),
- Internal Environmental Inspections performed in all sites by the Environmental Management Unit at least once a year within the scope of the Environmental Audit Regulations.

Incompliances detected are monitored through Environmental Internal Inspection reports prepared in conformity with the format used by the Ministry of Environment and Urbanization. Such incompliances are treated with corrective and preventive practices in line with regulations and standards within the Integrated Management System. Thus, compliance with the Environmental Regulations and actions taken against deficits are followed closely.

Some Related Laws and Regulations

Environmental Impact Assessment (EIA) Regulations:

Each of our power plants is audited in terms of the EIA Regulations by independent experts prior to operations and "EIA not required" or "EIA affirmative" certificates are obtained. During construction of power plants, indicators required to be monitored every six months in line with EIA are monitored and the results are reported to the Ministry of Environment and Urbanization.

Regulations on Permits and Licenses Required by

Environmental Law: In terms of power plant operations, the major regulations that we are obliged to adhere within the scope of the Environmental Regulations is the Regulations on Permits and Licenses Required by Environmental Law. Our natural gas power plants are subject to the environmental permit that has to be renewed every five years within the scope of these Regulations, whereas our hydroelectric and wind power plants are out of the scope. By obtaining environmental permit of Kemalpaşa Power Plant in July 2012 and Bozüyük Natural Gas Power Plant in October 2013, we fulfilled our obligation as defined by Regulations on Permits and Licenses Required by Environmental Law.

Industrial Air Pollution Control Regulations: According to these regulations, emission measurement reports must be drawn by an independent institution biennially. Following our report in 2012, we are working on having another report drawn in 2014. In the 2012 report, analyses show that our emission is within the boundary values set by the authorities. In addition, our steam injection systems or Dry Low NOx systems are always activated as required by the European Union legislations in order to reduce the nitrogen oxide emission values of the flue gas generated in our natural gas power plants.

Communique on Continuous Emission Measuring

Systems: Continuous Emission Measuring Systems were established in our natural gas power plants stated in the scope of this Communique in 2010 and 2011. In 2012, the employees who are liable for Continuous Emission Measuring Systems were identified. The feasibility reports were prepared and presented to the Provincial Directorate of Environment and Urbanization and their consent were obtained. We presented the Second Level Quality Safety System (QSS-2) reports -prepared by an institution authorized by the Ministry of Environment and Urbanization - of Kemalpaşa Natural Gas Power Plant and Bozüyük Natural Gas Power Plant to the related Provincial Directorate of Environment and Urbanization in April 2013 and July 2013, respectively. We also completed our QSS-3 (monthly measurements at power plants) practices in 2013. In 2014, we will initiate Annual Validity Test (AVT) measurements to be made by an authorized institution.

Wetland Protection Regulations: Our hydroelectric power plants are within the scope of these regulations and all of our plants have wetland operation permits. We will renew our 2012-dated Wetland Operation Permits in 2014.

Regulations on Procedures and Principles Regarding Signing Water Usage Rights Contracts to Perform

Generation Operations in the Electricity Market: For our operating hydroelectric power plants we hire independent expert companies to prepare Downstream Water Rights Reports. These reports evaluate water needs of local communities, such as drinking water, agricultural irrigation water and water usage. As of the end of 2013, we presented the reports of Akocak, Burç and Bulam power plants to the approval of related Regional Directorates of State Hydraulic Works. Reports of the remaining power plants will be submitted in early 2014.

Regulations on Environmental Officers, Environmental Management Unit and Environmental Consulting

Companies: Responsibilities stated within the framework of the regulations issued in 2013 are performed by three Environmental Officers authorized by the Ministry of Environment and Urbanization. These Officers include an Environment and Quality Management Systems Manager, an Environment Specialist, an Environment Specialist Assistant.

Environmental Trainings

In 2013, our Environment and Quality Management Systems Department organized Environmental Regulations and Waste Management Trainings at least once in each power plant. In addition to these trainings, ISO 14001, ISO 9001 OHSAS 18001 internal audit trainings were provided by third parties.

Environmental trainings given to employees in 2013

Total days of environmental trainings (employee*day/year)	Environmental trainings per employee in 2013 (day/employee/year)
203.95	0.68

Note: 1 day is calculated as 7.5 hours. Environmental trainings include all trainings on wastes, energy, energy efficiency etc.

Energy Management

We need to consume a considerable amount of energy in our production and management operations. Natural gas that is used for energy generation and heating and diesel fuel that is used in vehicles are among the directly consumed energy sources. On the other hand, indirect energy source consumed by Akenerji is electricity. In our hydroelectric and wind power plants, we use renewable-based electricity that we generate.

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

Energy Consumption

The table below shows our direct energy consumption data by primary source. During our production and management operations, we mainly use natural gas and also diesel fuel and oil for vehicles.

Direct Energy Consumption (Gigajoule/year)	2011	2012	2013
Natural Gas			
NGPP (Çerkezköy, Bozüyük, Kemalpaşa)*	359,401	318,915	111,039
Headquarters	n.a.	242	382
Diesel fuel (Generator)			
NGPP (Çerkezköy, Bozüyük, Kemalpaşa)	424	536	552
WPP (Ayyıldız)	22	12	5
HEPP (Akocak, Uluabat, Fekeler I, Fekeler II, Himmetli, Gökkaya, Burç, Bulam)	480	622	493
Headquarters	n.a.	5	5
Gasoline (Vehicles)	n.a.	1,836	3,138
Diesel fuel (Vehicles)	n.a.	5,243	6,435
Fuel oil	n.a.	64	67
TOTAL	360,327	327,475	122,116

n.a.: not available

* Natural gas consumption is the amount that corresponds to our internal consumption. As Çerkezköy NGPP was shut down at the end of 2012, amount of natural gas consumed in 2013 decreased significantly.

ENVIRONMENT

The table below shows our indirect energy consumption. “Non-renewable source-based” energy stated in the table means the electricity purchased from suppliers or the electricity generated by our own sources and internally consumed at NGPPs. Electricity generated and internally used at HEPPs and WPPs is stated as “renewable-based” in the table.

Indirect Energy Consumption (Gigajoule/year)	2011	2012	2013
Non-renewable based			
NGPP, HEPP and WPP	13,633	18,370	23,621
Headquarters	1,855	1,657	1,727
Renewable based			
HEPP and WPP	4,281	6,135	5,716
Total	19,769	26,162	31,063

Energy Saving

While generating energy, our priority is to ensure that the natural gas we consume is used in the most efficient way. Our natural gas power plants that operate as balancing units within the scope of the Balancing and Reconciliation Regulations work on the basis of cost-based “Market Clearing Price”. As bidding method for especially natural gas power plants is cost-based, bids are made depending on the capacity we generate at high efficiency level to keep the plant running. Therefore, we try to minimize the amount of natural gas consumed per kWh electricity generated. To ensure that our hydroelectric power plants operate at the most efficient level, their daily production programs are reviewed for optimum capacity.

In addition to these efforts, with the aim of achieving energy saving, in 2013 we connected the open area lighting system at Ayyıldız WPP to a photocell-based lighting control device that adapts the system to daylight. In this way, we expect efficiency increase in our lighting system that used to be operated manually.

Greenhouse Gas Management

Natural gas, fuel oil, diesel fuel, and oil that are directly consumed and electricity that is indirectly consumed and generated from fossil fuels cause greenhouse gas emissions. The world of science recognizes the fact that greenhouse gas emissions cause climate change, which is a global

issue. Therefore we, as Akenerji, attach great importance to monitoring, controlling and mitigation of greenhouse gas emissions.

With the aim of producing more detailed and wide-scope data on greenhouse gas emissions of our operations, we developed a data collection system in 2013. We included the greenhouse gas emissions resulting from the purchased electricity for internal use at our power plants into the figures of indirect greenhouse gas emission figures of 2013. This inclusion caused a significant increase in the indirect greenhouse gas emission amounts compared to 2012. We also added the diesel fuel and oil consumed by vehicles leased for employees into the 2013 direct greenhouse gas emission data. Despite this addition, direct greenhouse gas emissions fell significantly due to the shutdown of Çerkezköy NGPP at the end of 2012.

The table below shows the ton CO₂-equivalent of greenhouse gas emissions resulting from our operations. Almost all of the direct greenhouse gas emissions are created due to the burning of natural gas in our natural gas power plants. In addition, diesel fuel and oil consumed by our leased vehicles as well as natural gas and fuel oil used for heating in buildings cause direct greenhouse gas emissions, though in minor amounts. Indirect greenhouse gas emissions result from the electricity consumed at the Headquarters in İstanbul and from the electricity purchased to consumption at power plants.

Greenhouse Gas Emissions	2011	2012	2013
Direct (tonCO₂-e)	725,189	616,677	347,076
Indirect (tonCO₂-e)	-	961	3,487
Total	725,189	617,638	350,563

Note: Akenerji data given in the table are the data acquired from Akenerji Carbon Disclosure Project (CDP) Reports. Direct greenhouse gas emission data include not only emission caused by fuels used for our consumption, but also all fuels used for energy generation.

In addition to direct and indirect greenhouse gas emissions, within the framework of Scope-3 of CDP we also calculated the emissions resulting from business related air travels. The figure increased from 151 ton CO₂-e in 2012 to 284 CO₂-e in 2013. This increase is mainly due to frequent business travels to Erzin NGPPs.

Water Management

During our operations, the greatest amount of water is consumed at natural gas power plants. At our Headquarters, HEPPs and WPPs we use water for domestic uses such as hygiene and cleaning.

As seen in the table below, water consumption has varied in the last three years, depending on locations. The main reason for less consumption rates in 2013 compared to 2011 and 2012 is the shutdown of Çerkezköy power plant at the end of 2012.

The source of water consumed varies depending on the location of power plants. Water sources may be rivers, springs, wells or waterworks. In order to save water we implement savings projects within the framework of efficiency goals set for raw water consumption. As a result of these measures, total water consumption by power plants indicates a decrease in 2013.

Water Consumption (m ³ /year)	Source	2011	2012	2013
Çerkezköy *	Well	652,281	560,215	0
Bozüyük	Waterworks	680,800	584,174	400,963
Kemalpaşa	Well	84,000	80,000	39,373
NGPP Total		1,417,081	1,224,389	440,336
Ayyıldız WPP		48	33	120
Uluabat	Well	408	408	2,387
Akocak	Well	150	140	150
Feke I	Göksu River	-	80	365
Feke II	Spring water	160	180	146
Himmetli	Göksu River	-	250	260
Gökkaya	Göksu River	-	50	365
Burç	Well	220	255	240
Bulam	Spring water	130	150	150
HEPP Total		3,410	3,855	2,927
Headquarters		n.a.	1,032	1,242
Total		1,420,539	1,229,309	444,625

Note: Bozüyük and Çerkezköy Power Plants have open circuit cooling water cycle. Amount of water used includes cooling water data. Kemalpaşa Power Plant has closed circuit cooling water cycle, therefore amount of water used excludes cooling water data.

* Çerkezköy NGPP was shut down in 2012 and the plant did not consume any water in 2013 as it was completely inactive.

Water Management at HEPPs

HEPPs use dam or river water to generate electricity. The water accumulated behind the dam passes through generators propelled by water turbines and then refilled into the river or stream without any loss (in principle). In some of our HEPPs, dams are built for energy generation and thus dam reservoirs are created. In other HEPPs, energy is generated by benefiting from the natural slope and therefore there aren't any reservoirs. In our water management practices in areas with dam reservoirs, we consider the needs of local communities and the wildlife in order to ensure continuity of wildlife. On the other hand, in water resources without dam reservoirs, we implement water management according to the amount of lifeline water identified in the first phase of the project in line with the opinions of related public institutions.

Beyond legal requirements, within the scope of the Cumulative Impact Assessment made during the project design of the HEPPs in Adana, we also performed surface water quality measurement, flow rate measurement considering locations with high risk of a change in

hydrological characteristics (low flow rate) and identification of the ecological qualifications of the water.

In 2013, within the framework of the Regulations on Procedures and Principles Regarding Signing Water Usage Rights Contracts to Perform Generation Operations in the Electricity Market, we had independent expert companies prepare Downstream Water Rights Reports for our eight operating hydroelectric power plants. As of the end of 2013, we presented the reports of Akocak, Burç, Bulam, Feke I, Feke II, Himmetli, and Gökkaya power plants to the approval of related Regional Directorates of State Hydraulic Works. We plan to submit the report for Uluabat power plant in 2014. The main reason behind having these reports prepared is, in addition to determining the amount of water required for the continuation of wildlife around our hydroelectric power plants, to identify and calculate the amount of water use in operations such as fish farms, watermills and farmlands. While preparing the reports field visits are made and opinions of public institutions including Special Provincial Administrations, Provincial Directorates of Food and Agriculture, Municipalities and Provincial Bank are sought.

Waste Management

In order to prevent environmental pollution and preserve natural resources, we take necessary measures in waste management and pay attention to raise awareness on the issue. Disposal of solid wastes and discharge of waste water generated during our operations are implemented in line with the provisions stated in relevant laws.

Solid Wastes

We dispose of solid wastes by a variety of methods including recycling, recovery, reuse, incineration and landfills, depending on the nature of wastes. Amount of wastes is measured regularly and reported to related public institutions.

In accordance with the waste categories identified in laws, we sort wastes into two groups: hazardous wastes and domestic wastes. We deliver non-hazardous wastes generated at our power plants and the headquarters to municipalities and send all other wastes to disposal companies licensed by the Ministry of Environment and Urbanization for recovery or disposal. This process is monitored by our Environmental Management Unit.

Distribution of the total hazardous and domestic wastes generated at our power plants operating as of 2013 year-end, at Çerkezköy Natural Gas Power Plant that ceased operations at the end of 2012 and at our Headquarters is given in the chart below:

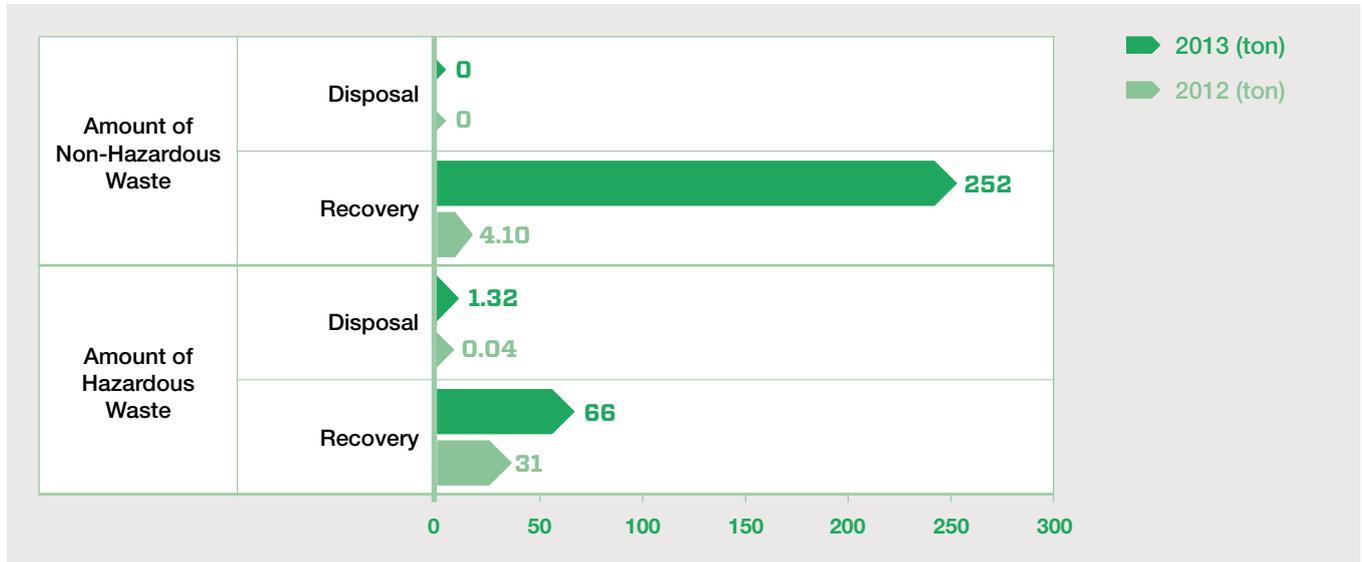
Due to the disassembly works of the Çerkezköy Natural Gas Power Plant in 2013, the amount of hazardous and non-hazardous solid wastes increased compared to 2012. Classified as non-hazardous waste, scrap and metal wastes increased to 223 tons in 2013 (2.6 tons in 2012). 85% of this increase results from the scrap carbon steel produced during disassembly works at Çerkezköy NGPP. The remaining 15% is aluminum, cables and galvanized scrap from Çerkezköy and waste iron from Uluabat HEPP.

A major part of the hazardous waste generated due to the operations at our power plants is Category 1 waste oils. As of the end of 2013, waste oil amount increased significantly due to the disassembly of Çerkezköy NGPP. Category 1 waste oil is delivered to licensed institutions for recycling into appropriate base oil, petrol products and original oil.

Distribution of Waste in 2013



As seen in the chart below, most of the wastes caused by our operations in the last two years is processed in recovery and disposal.



Note:

1. Within the framework of the “Regulations on the General Principles of Waste Management”, disposal methods include landfills, temporary storage, etc.
2. As the wastes are recovered, disposal rates in 2012-2013 were zero for non-hazardous wastes and near-zero in hazardous wastes.

Similar to previous years, waste batteries were sorted and collected at Akhan, the Headquarters of Akenerji, in 2013. All employees of Akenerji and other Akkök Group of Companies supported the sorting process with great motivation. 74.4 kg of waste batteries of Akenerji were collected at Akhan and then delivered to the Association of Portable Battery Producers and Importers (TAP).

As Akenerji employees, we reflected our environment-friendly corporate culture upon our practices of collecting recyclable wastes. In 2013, we collected approximately 2,490 kg of waste paper and packaging at Akhan and all Akenerji power plants and delivered these to a recycling company. “Electronic Waste Recycling Project” initiated in August 2012 at Akhan and power plants continued in 2013. Within the scope of this project, we placed electronic waste collection boxes in offices and power plants. The company that collects these wastes plants trees on behalf of our company, with the support of TEMA Foundation (The Turkish Foundation for Combating Erosion Reforestation and the Protection of Natural Habitats). In 2013, we enabled recycling of 1,490 kg of electronic wastes.

Paper Consumption and Recycling

Paper consumption is an issue we focus on and monitor in a location-based manner. As the number of plants vary depending on the years, in our previous Report we had presented only the data of the Headquarters. However, this year’s Report also covers our power plants. Our paper consumption increased in 2013. The consumption figures were 2.55 tons and 2.5 tons in 2011 and 2012 respectively; however, in 2013 this figure rose to 3.9 tons. Paper wastes sorted by our employees are collected by the municipalities and recovered and recycled by a contracted licensed institution of the municipality.

ENVIRONMENT

Waste Water

We discharge our waste water in line with the criteria and methods defined in local regulations such as national regulations and organized industrial zone regulations. Amount of water discharged in the last three years is presented in the table below.

Water Discharge (m ³ /year)	Place of Discharge	2011	2012	2013
Process waste water				
Çerkezköy *	Çerkezköy Organized Industrial Zone Waste Water Infrastructure	29,385	30,727	0
Bozüyük	Bozüyük Municipality Waste Water Line (to Kocadere)	39,735	42,344	29,512
Kemalpaşa**	Kemalpaşa Organized Industrial Zone Waste Water Infrastructure	54,000	50,000	19,704
Turbine wash waste water	Licensed disposal institution	26	12	9,640
TOTAL		123,146	123,083	58,856

Note: Domestic waste water delivered to the sewage system is not included in waste water figures.

* Since Çerkezköy Natural Gas Power Plant was inactive in 2013, no process waste water was recorded.

** 2011 and 2012 waste water data for Kemalpaşa power plant were estimated values. The data became clearer with a meter placed in the air pressure tank system. Therefore the data shows a significant decrease.

Except for Kemalpaşa Natural Gas Power Plant, domestic waste water of all other plants is collected in cesspools and then drawn by sewage trucks of municipalities or licensed institutions. Domestic waste water at Kemalpaşa Power Plant is discharged to the common sewage channel of Kemalpaşa Organized Industrial Zone. 2011 and 2012 total water discharge values are twice higher than 2013 because Çerkezköy NGPP ceased operations at the end of 2012.

At Akenerji natural gas power plants not only domestic waste water but also process waste water and turbine wash water is generated. Process waste water of Kemalpaşa Natural Gas Power Plant is in compliance with the discharge criteria of the Organized Industrial Zone (OIZ) and therefore discharged to the waste water infrastructure of the OIZ. At Bozüyük Power Plant, process waste water is discharged to the stream after all discharge standards are ensured. Turbine wash water is delivered to the licensed disposal institution. Turbine wash water released during the disassembly of Çerkezköy Power Plant in 2013 was also disposed with the same method.

Biodiversity

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

In line with the EIA Regulations, we implemented EIA in all of our power plants. To minimize the negative impact on the natural ecosystem in which the plants are located, we took necessary precautions and executed legal procedures during operation and investment phases. Although Ayyıldız power plant did not require EIA, we monitored the plant's impacts on wildlife. Bird monitoring reports made in 2011 and delivered positive results is an example of such initiatives.

In addition, we planted 7,400, 1,550 and 4,630 saplings in 2010, 2011 and 2013 respectively for afforestation of the regions of Akocak, Burç, Bulam and Uluabat HEPPs and Ayyıldız WPP with the aim of contributing to the improvement of wildlife.

Since our Akocak Power Plant became operational in 2010, we have been performing rehabilitation works in the region. In addition to afforestation, we are planning to improve Erikli regulator fish passage for full-time operation.

Community Investment

We put effort in contributing to the national economy through development-based regional employment as well as to our society's educational, environmental and culture-art needs.

Our Approach

It is our principle to contribute to the society during our operations and the path we follow for this is mainly to generate energy, which is a fundamental necessity for development. Our community investment efforts are focused on the social solidarity, educational, environmental, sports, and cultural needs of the local people in cities and towns that our power plants operate in. We support various institutions and organizations to meet these needs.

Community Investment and Donations

Believing that education is the fundamental prerequisite for a better and safer future of our society, we contribute to education. In accordance with this principle, our Erzin NGPP (in investment phase in Erzin, Hatay) built a technical high school in order to help improve the opportunities in education in the region. The high school is constructed and then donated to the Governor's Office of Hatay, Provincial Directorate of National Education.

Name of the school: Egemer Elektrik Üretim A.Ş. Şehit Uğur Ekiz Technical High School

Location: Town of Erzin, in Hatay

Qualities: The building was constructed on an area of 40 thousand m² in line with European Union standards. Value: TL 2.7 million. Industrial Vocational High School with 16 classrooms.

Year of completion: 2013

Year of Activation: 2013-2014 academic year

Since 2011, our Akocak Hydroelectric Power Plant has been awarding scholarship to 10 university students from the town of Araklı in Trabzon in collaboration with the Turkish Education Foundation (TEV). The scholarship support continued in 2013.

In cities and towns where our power plants operate, we tried to meet social solidarity, educational, environmental, sports, and cultural needs of the local people by making as many donations as possible in 2013. Among these are donations to the stadium and Karacaoğlan festival to be undertaken by Feke Municipality in Adana; donation to Saimbeyli Municipality for a festival; building of a fixed pergolas in parks and holding fast-breaking meals in Bozüyük, donations to Edincik Municipality to meet the students needs for schooling, donations to support public services for villages and Municipality Sport Club in Kemalpaşa province. In line with the importance we

attach to education and environment, we also donate to an art contest organized by Kozan City Council on June 5th, World Environment Day.

We, as Akenerji, donated a total of TL 261,293 to various associations and foundations in 2013.

Relations With Local Communities

Employment in Local Communities

Within the framework of our community investment practices, we attach great importance to regional development and relations with local communities. We believe that our greatest contribution is employing local people and we pay attention to recruiting local people for construction works of our power plants. We employ around 100-150 local people for each power plant construction. We ensure that they continue to work in different positions such as cleaning and security when the power plant starts operations. This way, we employed a significant number of people in our power plants including those in Feke, Himmetli, and Gökkaya.

According to projections, 1000 people will be employed at the construction of Erzin NGPP and 60 people will be recruited once the plant starts operating. During the construction works, with the aim of offering jobs to local communities, the Gama-GE Consortium visited Erzin Public Education Center to receive information on the labor force potential of the region. In the first year of construction approximately half of the 470 employees were selected amongst the local people. In this context we also pay attention to contributing to the local economy by purchasing required materials from the region when possible.

Building Awareness in Local Communities

In locations where Akenerji power plants operate, we aim to build awareness in and provide information to local communities about our operations. With our video training, we inform contractors, visitors, or interns who come to visit our power plants on electricity production, environmental and OHS legislations. Our video training initiative received the third prize in "Environmental Corporate Social Responsibility" category at the contest organized by the Aegean Region Chamber of Industry (EBSO) in 2013.

GRI Index

Akenerji 2013 Sustainability Report GRI Index

Content of this Report has been prepared, using the information on sustainability performance and practices of Akenerji between January 1st 2013 and December 31st 2013. Evaluating targets set in the 2012 Report, we also included our new goals and strategies in this Report.

The contents of the Report are developed in compliance with the G3 version of the GRI (Global Reporting Initiative) Sustainability Reporting Guidelines, which is an internationally recognized reporting standard. The Containing data and information meeting the GRI B-application level indicators, the Report has been approved by the GRI Secretariat. The table below shows the information provided in the Report per indicator and the related pages.

STANDARD DISCLOSURES PART I: Profile Disclosures				
Profile Disclosure	Description	Reported in	Scope of reporting	Reference pages/ Explanations
1. Strategy and Analysis				
1.1	Statement from the most senior decision-maker of the organization, regarding the relevance of sustainability to the organization and the strategy of the organization	Message from the CEO	Full	3
1.2	Description of key impacts, risks, and opportunities	Message from the CEO Our Approach to Sustainability Risk Management	Full	3, 13, 27
2. Organizational Profile				
2.1	Name of the organization	Company Profile	Full	Akenerji Elektrik Üretim Anonim Şirketi
2.2	Primary brands, products, and/or services	Company Profile	Full	5
2.3	Operational structure of the organization	Company Profile	Full	6, 10, 11
2.4	Location of organization's headquarters	Company Profile	Full	Gümüşsuyu Miralay Şefik Bey Sok. Akhan No:15 Beyoğlu-İstanbul, Turkey
2.5	Countries where the organization operates	Company Profile	Full	Turkey
2.6	Nature of ownership and legal form	Company Profile	Full	10, 11
2.7	Markets served	Company Profile	Full	4
2.8	Scale of the reporting organization	Company Profile	Full	5, 8
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Company Profile	Full	4
2.10	Awards received in the reporting period	Company Profile	Full	17
3. Report Parameters				
3.1	Reporting period	About the Report	Full	1 January 2013 - 31 December 2013
3.2	Date of most recent previous report (if any)	About the Report	Full	Our first sustainability report was published in 2013.

Profile Disclosure	Description	Reported in	Scope of reporting	Reference pages/ Explanations
3. Report Parameters				
3.3	Reporting cycle	About the Report	Full	The Sustainability Report will be published annually.
3.4	Contact point for questions regarding the report or its contents	About the Report	Full	info@akenerji.com.tr
3.5	Process for defining report content	About the Report Our Approach to Sustainability	Full	1, 16
3.6	Boundary of the report	About the Report	Full	Services of Akenerji Elektrik Üretim A.Ş. in Turkey
3.7	Specific limitations on the scope or boundary of the report	About the Report	Full	1
3.8	Basis for reporting on joint ventures and other related organizations	About the Report	Full	1
3.9	Data measurement techniques and the bases of calculations	About the Report	Full	Given in related tables
3.10	Explanation of the effect and reasons of any re-statements of information provided in earlier reports	About the Report	Full	There is not any significant restatement made.
3.11	Significant changes in the scope, boundary, or measurement methods applied in the report	About the Report	Full	1
3.12	GRI Indicators table	GRI Index	Full	The mentioned table is this table given between pages 58 and 63.
3.13	External assurance		Full	Although external assurance was not obtained within the scope of the Report, Integrated Management Systems data and financial indicators given in the Report are audited data.
4. Governance, Commitments, and Engagement				
4.1	Governance structure of the organization	Corporate Governance	Full	23-24
4.2	Whether the Chair of the highest governance body is also an executive officer	Corporate Governance	Full	23
4.3	Number of independent members of the highest governance body	Corporate Governance	Full	23
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Corporate Governance	Full	26
4.5	Linkage between compensation for members of the highest governance body and the organization's performance	Corporate Governance	Full	25
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Corporate Governance	Full	24, 27

Profile Disclosure	Description	Reported in	Scope of reporting	Reference pages/ Explanations
4. Governance, Commitments, and Engagement				
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	Corporate Governance	Full	24
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Company Profile Our Approach to Sustainability Corporate Governance	Full	5, 12, 26-27
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	Corporate Governance Our Approach to Sustainability	Full	13, 25-26
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Corporate Governance	Full	26
4.11	The precautionary approach or principle	Environment	Full	50
4.12	Externally developed sustainability initiatives to which the organization subscribes or endorses	Our Approach to Sustainability	Full	17
4.13	Memberships in associations	Our Approach to Sustainability	Full	18
4.14	List of stakeholder groups engaged by the organization	Our Approach to Sustainability	Full	14-16
4.15	Identification and selection of stakeholders with whom to engage	Our Approach to Sustainability	Full	14-16
4.16	Approaches to stakeholder engagement	Our Approach to Sustainability	Full	14-16
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to them	Our Approach to Sustainability	Full	15

STANDARD DISCLOSURES: PART III Performance Indicators

Economic				
DMA Aspect: Economic Performance		Company Profile Product and Service Responsibility		Contribution to Economy (8) Climate Change (31)
EC1	Direct economic value generated and distributed	Company Profile	Full	8
EC2	Financial implications and other risks and opportunities for the organization due to climate change	Product and Service Responsibility	Partial	31-32

Profile Disclosure	Description	Reported in	Scope of reporting	Reference pages/ Explanations
Economic				
DMA Aspect: Indirect Economic Impacts		Community Investment		Our Approach (57)
EC8	Infrastructure investments and services provided for public benefit through commercial, in-kind, or pro bono engagement	Community Investment	Full	57
EC9	Indirect economic impacts	Community Investment	Partial	57
Environmental				
DMA Aspect: Energy		Environment		Energy Management (51)
EN3	Direct energy consumption by primary energy source	Environment	Full	51
EN4	Indirect energy consumption by primary source	Environment	Full	52
EN5	Energy saved due to conservation and efficiency improvements	Environment	Partial	52
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Product and Service Responsibility	Full	31,32
DMA Aspect: Water		Environment		Water Management (53)
EN8	Total water withdrawal by source	Environment	Full	53
EN9	Water resources significantly affected by water withdrawal	Environment	Full	53
DMA Aspect: Biodiversity		Environment		Biodiversity (56)
EN11	Protected areas and areas of high biodiversity value	Environment	Full	We do not have operations in such areas.
EN13	Habitats protected or restored	Environment	Partial	56
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Environment	Partial	56
DMA Aspect: Emissions, Effluents and Waste		Environment		Greenhouse Gas Management (52) Waste Management (54)
EN16	Total direct and indirect greenhouse gas emissions by weight	Environment	Full	52
EN17	Other related indirect greenhouse gas emissions by weight	Environment	Full	53
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Product and Service Responsibility	Full	31
EN21	Total water discharge by quality and destination	Environment	Full	56
EN22	Total weight of waste by type and disposal method	Environment	Full	54-55

Profile Disclosure	Description	Reported in	Scope of reporting	Reference pages/ Explanations
Environmental				
DMA Aspect: Product and Services		Product and Service Responsibility		Our Approach (28)
EN26	Initiatives to mitigate environmental impacts of products and services	Product and Service Responsibility	Full	29-30
DMA Aspect: Compliance		Environment		Environmental Management (50)
EN28	Monetary value of significant fines for non-compliance with environmental laws and regulations	Environment	Full	There were no fines for non-compliance with environmental laws and regulations.
Social: Labor Practices and Decent Work				
DMA Aspect: Employment		Employees		Our Approach (40) Employee Profile (42)
LA1	Total workforce by employment type, employment contract, and region	Employees	Full	42-43
LA2	Rate of employee turnover by age group, gender, and region	Employees	Full	44-45
LA3	Benefits provided to full-time employees	Employees	Full	48
DMA Aspect: Labor / Management Relations		Employees		45
LA5	Minimum notice period(s) regarding significant operational changes	Employees	Full	45
DMA Aspect: Occupational Health and Safety		Occupational Health and Safety		Our Approach (34) OHS Policy (34) OHS Management (35)
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Occupational Health and Safety	Full	35
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety	Full	37-38
LA8	Training, education, guidance, disease prevention and risk control programs for severe diseases	Occupational Health and Safety	Full	35-36, 38
DMA Aspect: Training and Education		Employees		Trainings (46) Performance Management System (47)
LA10	Average hours of training per year per employee by employee category	Employees	Full	46
LA11	Programs for skills management and lifelong learning that support the continued employability of employees	Employees	Partial	48

Profile Disclosure	Description	Reported in	Scope of reporting	Reference pages/ Explanations
Social: Labor Practices and Decent Work				
LA12	Percentage of employees receiving regular performance and career development reviews	Employees	Full	47-48
DMA Aspect: Diversity and Equal Opportunity		Employees		Our Approach (40)
LA13	Composition of governance bodies and breakdown of employees according to gender, age group, minority group membership	Employees	Full	41-42
Social: Human Rights				
DMA Aspect: Child Labor		Employees		Human Resources Policy (41)
HR6	Incidents of child labor, and measures taken to contribute to the elimination of child labor		Full	Akenerji does not have any operations that might pose such risks.
Social: Society				
DMA Aspect: Community		Product and Service Responsibility Community Investment		30, 36, 57
SO1	Programs and practices that assess and manage the impacts of operations on communities	Product and Service Responsibility	Full	30, 36, 57
SO5	Public policy positions and participation in public policy development and lobbying	Our Approach to Sustainability	Partial	18
Social: Product Responsibility				
DMA Aspect: Product and Service Labeling		Product and Service Responsibility		Customer Satisfaction (32)
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Product and Service Responsibility	Full	32-33



GRI Application Level Check Statement



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